
CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

P.O. Box 419064, Rancho Cordova, CA 95741-9064



TO: RECIPIENTS OF THE DCSS 2020-21 GOVERNOR'S BUDGET ESTIMATE

FROM: MATHEW MACY, Budget Manager
Budget Support Section

DATE: January 7, 2020

SUBJECT: DEPARTMENT OF CHILD SUPPORT SERVICES ESTIMATES

This memorandum transmits the 2020-21 Governor's Budget estimates for the Department of Child Support Services (DCSS).

The 2020-21 Governor's Budget Estimate presents the State Fiscal Year (SFY) 2020-21 DCSS budget and provides an update to the SFY 2019-20 enacted budget. The estimates of the administrative costs for the local child support agencies, as well as the detailed methodology for each estimate, are included. It also provides the estimate of the child support collections and miscellaneous revenue to the State General Fund (SGF).

The total costs for local assistance are estimated to be \$829.5 million (\$255 million State General Fund (SGF)) for SFY 2019-20 and \$888.3 million (\$276.1 million SGF) for SFY 2020-21. Total distributed child support collections and revenues are projected to be \$2.54 billion (\$168.6 million SGF) for SFY 2019-20 and \$2.58 billion (\$165.3 million SGF) for SFY 2020-21.

Also included is an Auxiliary Tables section that consists of charts reflecting historical and projected data on child support collections, federal performance measures, and State Disbursement Unit transactions. For your convenience, a list of acronyms is included in the Premise Methodologies section.

The material contained in the November 2019 Estimate package will also be available on the DCSS website: <http://www.childsup.ca.gov>. Should you have any questions, please contact the Budget Support Section at (916) 464-5801.

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COST TABLE 1
Comparison of the 2019-20 Enacted Budget to the 2019-20 November Estimate
(in thousands)

	2019-20 ENACTED BUDGET					ADJUSTMENTS					2019-20 NOVEMBER ESTIMATE				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
CHILD SUPPORT PROGRAM COSTS ¹	1,095,551	742,576	339,252	13,600	123	4,840	3,212	1,628	0	0	1,100,391	745,788	340,880	13,600	123
1 STATE OPERATIONS ²	182,709	126,634	55,952	0	123	4,796	3,165	1,631	0	0	187,505	129,799	57,583	0	123
Item 5175-001	106,422	71,916	34,383	0	123	4,341	2,865	1,476	0	0	110,763	74,781	35,859	0	123
Item 5175-002 - Internal & External Contracts	76,287	54,718	21,569	0	0	455	300	155	0	0	76,742	55,018	21,724	0	0
2 LOCAL ASSISTANCE	912,842	615,942	283,300	13,600	0	44	47	-3	0	0	912,886	615,989	283,297	13,600	0
Child Support Services	745,888	448,988	283,300	13,600	0	5,841	5,844	-3	0	0	751,729	454,832	283,297	13,600	0
Child Support Collections Recovery Fund	166,954	166,954	0	0	0	-5,797	-5,797	0	0	0	161,157	161,157	0	0	0
2a LOCAL ASSISTANCE ADMINISTRATION	829,441	560,897	254,944	13,600	0	44	47	-3	0	0	829,485	560,944	254,941	13,600	0
Local Child Support Agency Basic Costs	823,022	557,872	251,550	13,600	0	-57	-57	0	0	0	822,965	557,815	251,550	13,600	0
Administration	720,481	475,301	245,180	0	0	0	0	0	0	0	720,481	475,301	245,180	0	0
Federal Performance Basic Incentives	43,806	43,806	0	0	0	-57	-57	0	0	0	43,749	43,749	0	0	0
County Match for Administration	40,000	26,400	0	13,600	0	0	0	0	0	0	40,000	26,400	0	13,600	0
Revenue Stabilization	18,735	12,365	6,370	0	0	0	0	0	0	0	18,735	12,365	6,370	0	0
Internal Revenue Services Intercept Fees	2,213	1,460	753	0	0	0	0	0	0	0	2,213	1,460	753	0	0
Deficit Reduction Act - Mandatory Fee	2,641	0	2,641	0	0	-3	0	-3	0	0	2,638	0	2,638	0	0
Section 1115 Grant (Dedicated Daddies Make a Difference)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Section 1115 Grant (Procedural Justice Informed Alternative to Contempt)	565	565	0	0	0	104	104	0	0	0	669	669	0	0	0
Section 1115 Grant (Using Digital Marketing to Increase Participation)	1,000	1,000	0	0	0	0	0	0	0	0	1,000	1,000	0	0	0
2b LOCAL ASSISTANCE AUTOMATION	83,401	55,045	28,356	0	0	0	0	0	0	0	83,401	55,045	28,356	0	0
California Child Support Automation System - SDU	14,966	9,878	5,088	0	0	0	0	0	0	0	14,966	9,878	5,088	0	0
California Child Support Automation System - CSE	68,435	45,167	23,268	0	0	0	0	0	0	0	68,435	45,167	23,268	0	0

Notes:

¹ Child Support Program Total Costs minus county funds equals total enacted budget.

² State Operations Administration adjustments reflect augmentations for Employee Compensation, Retirement and SWCAP.

COST TABLE 2
Comparison of the 2019-20 Enacted Budget to the 2020-21 Governor's Budget
(in thousands)

	2019-20 ENACTED BUDGET					ADJUSTMENTS					2020-21 GOVERNOR'S BUDGET				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
CHILD SUPPORT PROGRAM COSTS ¹	1,095,551	742,576	339,252	13,600	123	64,721	41,587	23,134	0	0	1,160,272	784,163	362,386	13,600	123
1 STATE OPERATIONS ²	182,709	126,634	55,952	0	123	5,013	3,322	1,691	0	0	187,722	129,956	57,643	0	123
Item 5175-001	106,422	71,916	34,383	0	123	4,467	2,962	1,505	0	0	110,889	74,878	35,888	0	123
Item 5175-002 - Internal & External Contracts	76,287	54,718	21,569	0	0	546	360	186	0	0	76,833	55,078	21,755	0	0
2 LOCAL ASSISTANCE	912,842	615,942	283,300	13,600	0	59,708	38,265	21,443	0	0	972,550	654,207	304,743	13,600	0
Child Support Services	745,888	448,988	283,300	13,600	0	70,104	48,661	21,443	0	0	815,992	497,649	304,743	13,600	0
Child Support Collections Recovery Fund	166,954	166,954	0	0	0	-10,396	-10,396	0	0	0	156,558	156,558	0	0	0
2a LOCAL ASSISTANCE ADMINISTRATION	829,441	560,897	254,944	13,600	0	58,908	37,765	21,143	0	0	888,349	598,662	276,087	13,600	0
Local Child Support Agency Basic Costs	823,022	557,872	251,550	13,600	0	57,990	37,899	20,091	0	0	881,012	595,771	271,641	13,600	0
Administration	720,481	475,301	245,180	0	0	57,151	37,060	20,091	0	0	777,632	512,361	265,271	0	0
Federal Performance Basic Incentives	43,806	43,806	0	0	0	839	839	0	0	0	44,645	44,645	0	0	0
County Match for Administration	40,000	26,400	0	13,600	0	0	0	0	0	0	40,000	26,400	0	13,600	0
Revenue Stabilization	18,735	12,365	6,370	0	0	0	0	0	0	0	18,735	12,365	6,370	0	0
Internal Revenue Services Intercept Fees	2,213	1,460	753	0	0	0	0	0	0	0	2,213	1,460	753	0	0
Deficit Reduction Act - Mandatory Fee	2,641	0	2,641	0	0	1,052	0	1,052	0	0	3,693	0	3,693	0	0
Section 1115 Grant (Dedicated Daddies Make a Difference)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Section 1115 Grant (Procedural Justice Informed Alternative to Contempt)	565	565	0	0	0	-134	-134	0	0	0	431	431	0	0	0
Section 1115 Grant (Using Digital Marketing to Increase Participation)	1,000	1,000	0	0	0	0	0	0	0	0	1,000	1,000	0	0	0
2b LOCAL ASSISTANCE AUTOMATION	83,401	55,045	28,356	0	0	800	500	300	0	0	84,201	55,545	28,656	0	0
California Child Support Automation System - SDU	14,966	9,878	5,088	0	0	0	0	0	0	0	14,966	9,878	5,088	0	0
California Child Support Automation System - CSE	68,435	45,167	23,268	0	0	800	500	300	0	0	69,235	45,667	23,568	0	0

Notes:

¹ Child Support Program Total Costs minus county funds equals total enacted budget.

² State Operations Administration adjustments reflect augmentations for Employee Compensation, Retirement, and SWCAP.

COST TABLE 3
Comparison of the 2019-20 November Estimate to the 2020-21 Governor's Budget
(in thousands)

	2019-20 NOVEMBER ESTIMATE					ADJUSTMENTS					2020-21 GOVERNOR'S BUDGET				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
CHILD SUPPORT PROGRAM COSTS ¹	1,100,391	745,788	340,880	13,600	123	59,881	38,375	21,506	0	0	1,160,272	784,163	362,386	13,600	123
1 STATE OPERATIONS ²	187,505	129,799	57,583	0	123	217	157	60	0	0	187,722	129,956	57,643	0	123
Item 5175-001	110,763	74,781	35,859	0	123	126	97	29	0	0	110,889	74,878	35,888	0	123
Item 5175-002 - Internal & External Contracts	76,742	55,018	21,724	0	0	91	60	31	0	0	76,833	55,078	21,755	0	0
2 LOCAL ASSISTANCE	912,886	615,989	283,297	13,600	0	59,664	38,218	21,446	0	0	972,550	654,207	304,743	13,600	0
Child Support Services	751,729	454,832	283,297	13,600	0	64,263	42,817	21,446	0	0	815,992	497,649	304,743	13,600	0
Child Support Collections Recovery Fund	161,157	161,157	0	0	0	-4,599	-4,599	0	0	0	156,558	156,558	0	0	0
2a LOCAL ASSISTANCE ADMINISTRATION	829,485	560,944	254,941	13,600	0	58,864	37,718	21,146	0	0	888,349	598,662	276,087	13,600	0
Local Child Support Agency Basic Costs	822,965	557,815	251,550	13,600	0	58,047	37,956	20,091	0	0	881,012	595,771	271,641	13,600	0
Administration	720,481	475,301	245,180	0	0	57,151	37,060	20,091	0	0	777,632	512,361	265,271	0	0
Federal Performance Basic Incentives	43,749	43,749	0	0	0	896	896	0	0	0	44,645	44,645	0	0	0
County Match for Administration	40,000	26,400	0	13,600	0	0	0	0	0	0	40,000	26,400	0	13,600	0
Revenue Stabilization	18,735	12,365	6,370	0	0	0	0	0	0	0	18,735	12,365	6,370	0	0
Internal Revenue Services Intercept Fees	2,213	1,460	753	0	0	0	0	0	0	0	2,213	1,460	753	0	0
Deficit Reduction Act - Mandatory Fee	2,638	0	2,638	0	0	1,055	0	1,055	0	0	3,693	0	3,693	0	0
Section 1115 Grant (Dedicated Daddies Make a Difference)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Section 1115 Grant (Procedural Justice Informed Alternative to Contempt)	669	669	0	0	0	-238	-238	0	0	0	431	431	0	0	0
Section 1115 Grant (Using Digital Marketing to Increase Participation)	1,000	1,000	0	0	0	0	0	0	0	0	1,000	1,000	0	0	0
2b LOCAL ASSISTANCE AUTOMATION	83,401	55,045	28,356	0	0	800	500	300	0	0	84,201	55,545	28,656	0	0
California Child Support Automation System - SDU	14,966	9,878	5,088	0	0	0	0	0	0	0	14,966	9,878	5,088	0	0
California Child Support Automation System - CSE	68,435	45,167	23,268	0	0	800	500	300	0	0	69,235	45,667	23,568	0	0

Notes:

¹ Child Support Program Total Costs minus county funds equals total enacted budget.

² State Operations Administration adjustments reflect augmentations for Employee Compensation, Retirement, and SWCAP.

**CHILD SUPPORT PROGRAM
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Table 4. 2019-20 November Estimate to 2020-21 Governor's Budget.....Nov CY – Gov BY

REVENUES AND COLLECTIONS TABLE 1
Comparison of the 2018-19 Actuals to the 2019-20 November Estimate
(in thousands)

	2018-19 ACTUALS					ADJUSTMENTS/DIFFERENCES					2019-20 NOVEMBER ESTIMATE				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,496,467	165,859	169,452	20,884	2,140,272	38,598	-4,702	-840	-4,427	48,567	2,535,065	161,157	168,612	16,457	2,188,839
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,498,532	171,490	165,886	20,884	2,140,272	38,556	-4,825	-759	-4,427	48,567	2,537,088	166,665	165,127	16,457	2,188,839
3 Child Support Assistance Collections	398,265	171,490	165,886	20,884	40,005	-11,009	-4,825	-759	-4,427	-998	387,256	166,665	165,127	16,457	39,007
4 Basic Collections	342,741	164,061	158,700	19,980	0	-9,722	-4,685	-794	-4,243	0	333,019	159,376	157,906	15,737	0
5 Disregard Payments to Families	21,731	0	0	0	21,731	-488	0	0	0	-488	21,243	0	0	0	21,243
6 Collections for Other Jurisdictions - Assistance	5,314	0	0	0	5,314	-148	0	0	0	-148	5,166	0	0	0	5,166
7 Miscellaneous Collections - Assistance	12,960	0	0	0	12,960	-362	0	0	0	-362	12,598	0	0	0	12,598
8 Revenue Stabilization Adjustment- Assistance	15,519	7,429	7,186	904	0	-289	-140	35	-184	0	15,230	7,289	7,221	720	0
9 Child Support NonAssistance Collections	2,100,267	0	0	0	2,100,267	49,565	0	0	0	49,565	2,149,832	0	0	0	2,149,832
10 Basic Collections	1,875,545	0	0	0	1,875,545	43,198	0	0	0	43,198	1,918,743	0	0	0	1,918,743
11 Collections for Other Jurisdictions - NonAssistance	92,069	0	0	0	92,069	2,173	0	0	0	2,173	94,242	0	0	0	94,242
12 Miscellaneous Collections - NonAssistance	2,708	0	0	0	2,708	63	0	0	0	63	2,771	0	0	0	2,771
13 Revenue Stabilization Adjustment- NonAssistance	129,945	0	0	0	129,945	4,131	0	0	0	4,131	134,076	0	0	0	134,076
14 REVENUES AND TRANSFERS	-2,065	-5,631	3,566	0	0	42	123	-81	0	0	-2,023	-5,508	3,485	0	0
15 Title IV-E Child Support Collections Recovery Fund	-5,631	-5,631	0	0	0	123	123	0	0	0	-5,508	-5,508	0	0	0
16 Never Assisted Cases Fee Recovery	3,566	0	3,566	0	0	-81	0	-81	0	0	3,485	0	3,485	0	0

1/ Other reflects collections that are paid to families and collections received in California on behalf of other states.

REVENUES AND COLLECTIONS TABLE 2
Comparison of the 2019-20 Enacted Budget to the 2019-20 November Estimate
(in thousands)

	2019-20 ENACTED BUDGET					ADJUSTMENTS/DIFFERENCES					2019-20 NOVEMBER ESTIMATE				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,588,782	166,954	174,525	17,522	2,229,781	-53,717	-5,797	-5,913	-1,065	-40,942	2,535,065	161,157	168,612	16,457	2,188,839
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,591,089	172,745	171,041	17,522	2,229,781	-54,001	-6,080	-5,914	-1,065	-40,942	2,537,088	166,665	165,127	16,457	2,188,839
3 Child Support Assistance Collections	402,319	172,745	171,041	17,522	41,011	-15,063	-6,080	-5,914	-1,065	-2,004	387,256	166,665	165,127	16,457	39,007
4 Basic Collections	345,789	165,325	163,900	16,564	0	-12,770	-5,949	-5,994	-827	0	333,019	159,376	157,906	15,737	0
5 Disregard Payments to Families	23,124	0	0	0	23,124	-1,881	0	0	0	-1,881	21,243	0	0	0	21,243
6 Collections for Other Jurisdictions - Assistance	5,567	0	0	0	5,567	-401	0	0	0	-401	5,166	0	0	0	5,166
7 Miscellaneous Collections - Assistance	12,320	0	0	0	12,320	278	0	0	0	278	12,598	0	0	0	12,598
8 Revenue Stabilization Adjustment- Assistance	15,519	7,420	7,141	958	0	-289	-131	80	-238	0	15,230	7,289	7,221	720	0
9 Child Support NonAssistance Collections	2,188,770	0	0	0	2,188,770	-38,938	0	0	0	-38,938	2,149,832	0	0	0	2,149,832
10 Basic Collections	1,957,700	0	0	0	1,957,700	-38,957	0	0	0	-38,957	1,918,743	0	0	0	1,918,743
11 Collections for Other Jurisdictions - NonAssistance	98,339	0	0	0	98,339	-4,097	0	0	0	-4,097	94,242	0	0	0	94,242
12 Miscellaneous Collections - NonAssistance	2,786	0	0	0	2,786	-15	0	0	0	-15	2,771	0	0	0	2,771
13 Revenue Stabilization Adjustment- NonAssistance	129,945	0	0	0	129,945	4,131	0	0	0	4,131	134,076	0	0	0	134,076
14 REVENUES AND TRANSFERS	-2,307	-5,791	3,484	0	0	284	283	1	0	0	-2,023	-5,508	3,485	0	0
15 Title IV-E Child Support Collections Recovery Fund	-5,791	-5,791	0	0	0	283	283	0	0	0	-5,508	-5,508	0	0	0
16 Never Assisted Cases Fee Recovery	3,484	0	3,484	0	0	1	0	1	0	0	3,485	0	3,485	0	0

1/ Other reflects collections that are paid to families and collections received in California on behalf of other states.

REVENUES AND COLLECTIONS TABLE 3
Comparison of the 2019-20 Enacted Budget to the 2020-21 Governor's Budget
(in thousands)

	2019-20 ENACTED BUDGET					ADJUSTMENTS/DIFFERENCES					2020-21 GOVERNOR'S BUDGET				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,588,782	166,954	174,525	17,522	2,229,781	-13,542	-10,396	-9,230	-1,535	7,619	2,575,240	156,558	165,295	15,987	2,237,400
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,591,089	172,745	171,041	17,522	2,229,781	-15,378	-10,836	-10,626	-1,535	7,619	2,575,711	161,909	160,415	15,987	2,237,400
3 Child Support Assistance Collections	402,319	172,745	171,041	17,522	41,011	-26,103	-10,836	-10,626	-1,535	-3,106	376,216	161,909	160,415	15,987	37,905
4 Basic Collections	345,789	165,325	163,900	16,564	0	-22,708	-10,705	-10,706	-1,297	0	323,081	154,620	153,194	15,267	0
5 Disregard Payments to Families	23,124	0	0	0	23,124	-2,487	0	0	0	-2,487	20,637	0	0	0	20,637
6 Collections for Other Jurisdictions - Assistance	5,567	0	0	0	5,567	-545	0	0	0	-545	5,022	0	0	0	5,022
7 Miscellaneous Collections - Assistance	12,320	0	0	0	12,320	-74	0	0	0	-74	12,246	0	0	0	12,246
8 Revenue Stabilization Adjustment- Assistance	15,519	7,420	7,141	958	0	-289	-131	80	-238	0	15,230	7,289	7,221	720	0
9 Child Support NonAssistance Collections	2,188,770	0	0	0	2,188,770	10,725	0	0	0	10,725	2,199,495	0	0	0	2,199,495
10 Basic Collections	1,957,700	0	0	0	1,957,700	8,416	0	0	0	8,416	1,966,116	0	0	0	1,966,116
11 Collections for Other Jurisdictions - NonAssistance	98,339	0	0	0	98,339	-1,873	0	0	0	-1,873	96,466	0	0	0	96,466
12 Miscellaneous Collections - NonAssistance	2,786	0	0	0	2,786	51	0	0	0	51	2,837	0	0	0	2,837
13 Revenue Stabilization Adjustment- NonAssistance	129,945	0	0	0	129,945	4,131	0	0	0	4,131	134,076	0	0	0	134,076
14 REVENUES AND TRANSFERS	-2,307	-5,791	3,484	0	0	1,836	440	1,396	0	0	-471	-5,351	4,880	0	0
15 Title IV-E Child Support Collections Recovery Fund	-5,791	-5,791	0	0	0	440	440	0	0	0	-5,351	-5,351	0	0	0
16 Never Assisted Cases Fee Recovery	3,484	0	3,484	0	0	1,396	0	1,396	0	0	4,880	0	4,880	0	0

1/ Other reflects collections that are paid to families and collections received in California on behalf of other states.

REVENUES AND COLLECTIONS TABLE 4
Comparison of the 2019-20 November Estimate to the 2020-21 Governor's Budget
(in thousands)

	2019-20 NOVEMBER ESTIMATE					ADJUSTMENTS/DIFFERENCES					2020-21 GOVERNOR'S BUDGET				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,535,065	161,157	168,612	16,457	2,188,839	40,175	-4,599	-3,317	-470	48,561	2,575,240	156,558	165,295	15,987	2,237,400
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,537,088	166,665	165,127	16,457	2,188,839	38,623	-4,756	-4,712	-470	48,561	2,575,711	161,909	160,415	15,987	2,237,400
3 Child Support Assistance Collections	387,256	166,665	165,127	16,457	39,007	-11,040	-4,756	-4,712	-470	-1,102	376,216	161,909	160,415	15,987	37,905
4 Basic Collections	333,019	159,376	157,906	15,737	0	-9,938	-4,756	-4,712	-470	0	323,081	154,620	153,194	15,267	0
5 Disregard Payments to Families	21,243	0	0	0	21,243	-606	0	0	0	-606	20,637	0	0	0	20,637
6 Collections for Other Jurisdictions - Assistance	5,166	0	0	0	5,166	-144	0	0	0	-144	5,022	0	0	0	5,022
7 Miscellaneous Collections - Assistance	12,598	0	0	0	12,598	-352	0	0	0	-352	12,246	0	0	0	12,246
8 Revenue Stabilization Adjustment- Assistance	15,230	7,289	7,221	720	0	0	0	0	0	0	15,230	7,289	7,221	720	0
9 Child Support NonAssistance Collections	2,149,832	0	0	0	2,149,832	49,663	0	0	0	49,663	2,199,495	0	0	0	2,199,495
10 Basic Collections	1,918,743	0	0	0	1,918,743	47,373	0	0	0	47,373	1,966,116	0	0	0	1,966,116
11 Collections for Other Jurisdictions - NonAssistance	94,242	0	0	0	94,242	2,224	0	0	0	2,224	96,466	0	0	0	96,466
12 Miscellaneous Collections - NonAssistance	2,771	0	0	0	2,771	66	0	0	0	66	2,837	0	0	0	2,837
13 Revenue Stabilization Adjustment- NonAssistance	134,076	0	0	0	134,076	0	0	0	0	0	134,076	0	0	0	134,076
14 REVENUES AND TRANSFERS	-2,023	-5,508	3,485	0	0	1,552	157	1,395	0	0	-471	-5,351	4,880	0	0
15 Title IV-E Child Support Collections Recovery Fund	-5,508	-5,508	0	0	0	157	157	0	0	0	-5,351	-5,351	0	0	0
16 Never Assisted Cases Fee Recovery	3,485	0	3,485	0	0	1,395	0	1,395	0	0	4,880	0	4,880	0	0

1/ Other reflects collections that are paid to families and collections received in California on behalf of other states.

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AUXILIARY TABLES
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TOTAL PROJECTED DISTRIBUTED COLLECTIONS FOR STATE FISCAL YEARS 2019-20 and 2020-21

The charts below display California's total projected child support collections.

Assistance Collections - \$387.3 million in State Fiscal Year (SFY) 2019-20 and \$376.2 million in SFY 2020-21

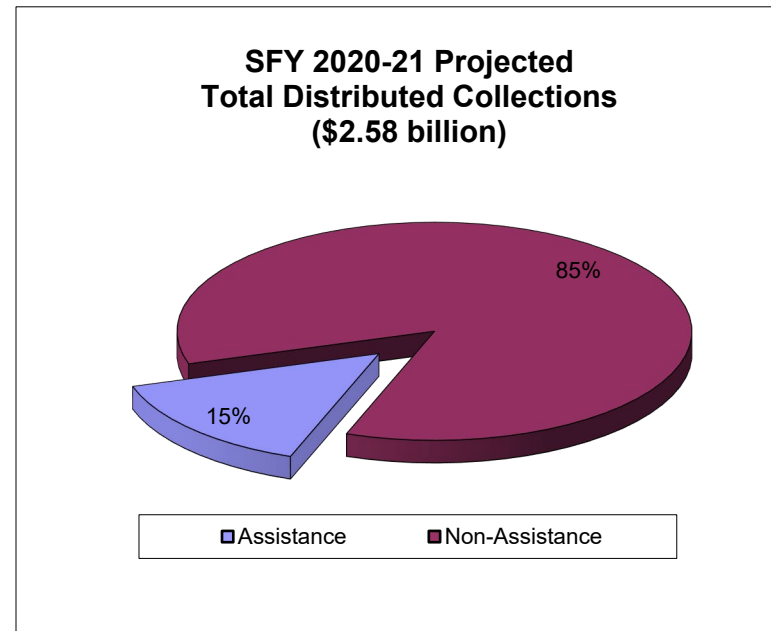
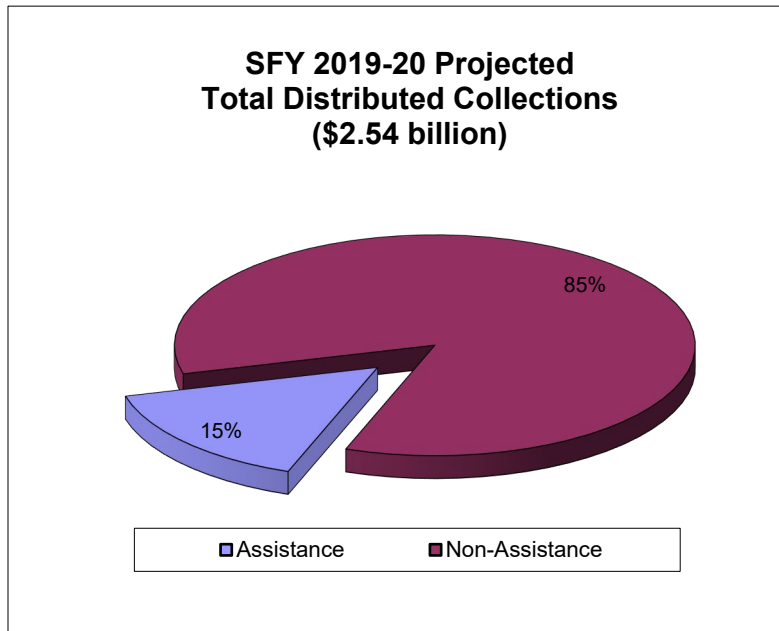
- Basic Collections - \$333 million in SFY 2019-20 and \$323.1 million in SFY 2020-21
- Other Collections - \$54.2 million in SFY 2019-20 and \$53.1 million in SFY 2020-21

Non-Assistance Collections: \$2.15 billion in SFY 2019-20 and \$2.2 billion in SFY 2020-21

- Basic Collections - \$1.9 billion SFY 2019-20 and \$1.97 billion SFY 2020-21
- Other Collections - \$231.1 million SFY 2019-20 and \$233.4 million SFY 2020-21

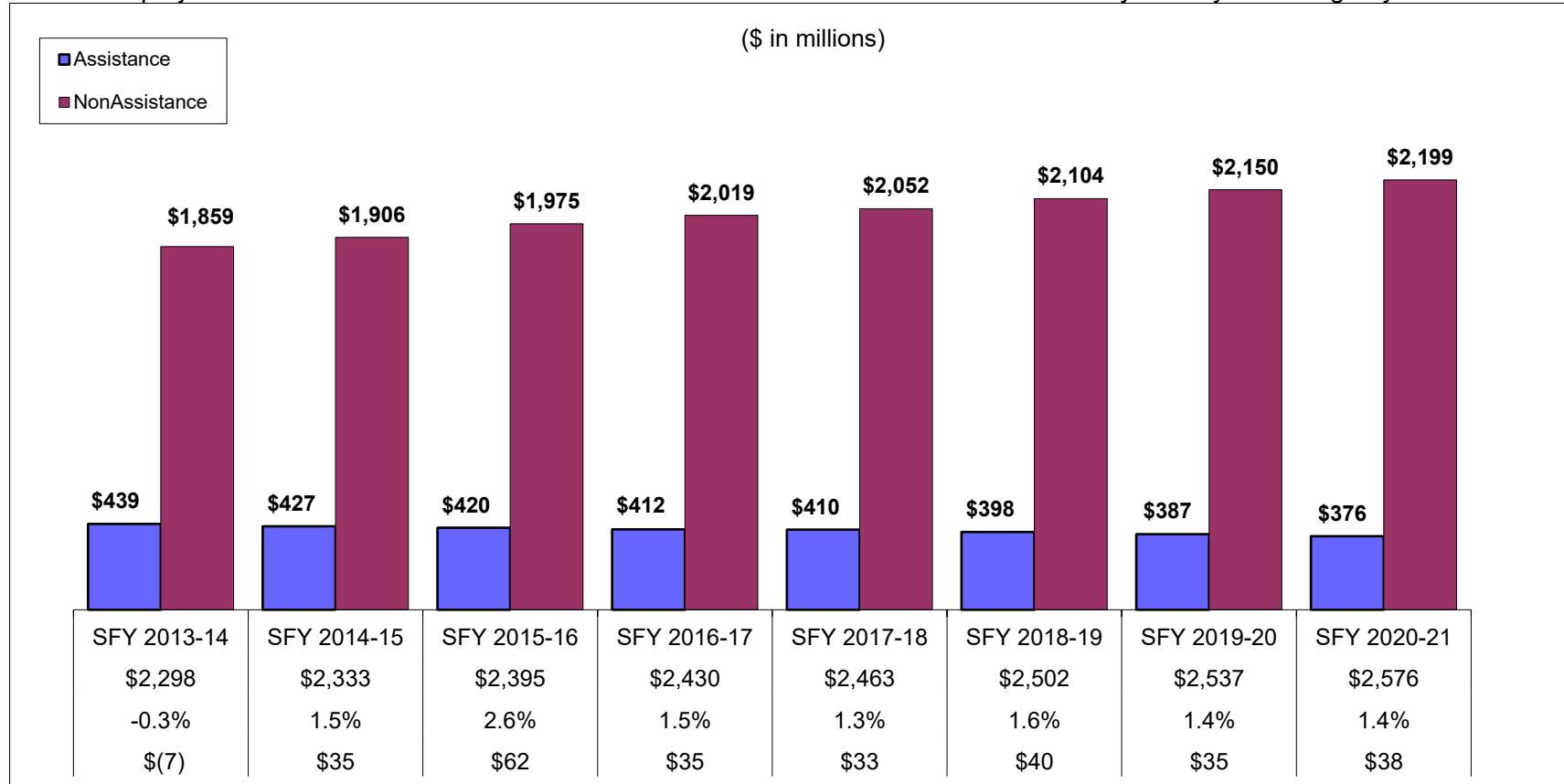
Basic Collections – Child support collections attained through the regular ongoing efforts of the Local Child Support Agencies (LCSAs).

Other Collections – Includes collections distributed to other jurisdictions, miscellaneous collections (medical support, pass-on, and excess), collections attained via Revenue Stabilization funding, and disregard payments to families.



TOTAL DISTRIBUTED COLLECTIONS FOR STATE FISCAL YEARS 2013-14 through 2020-21

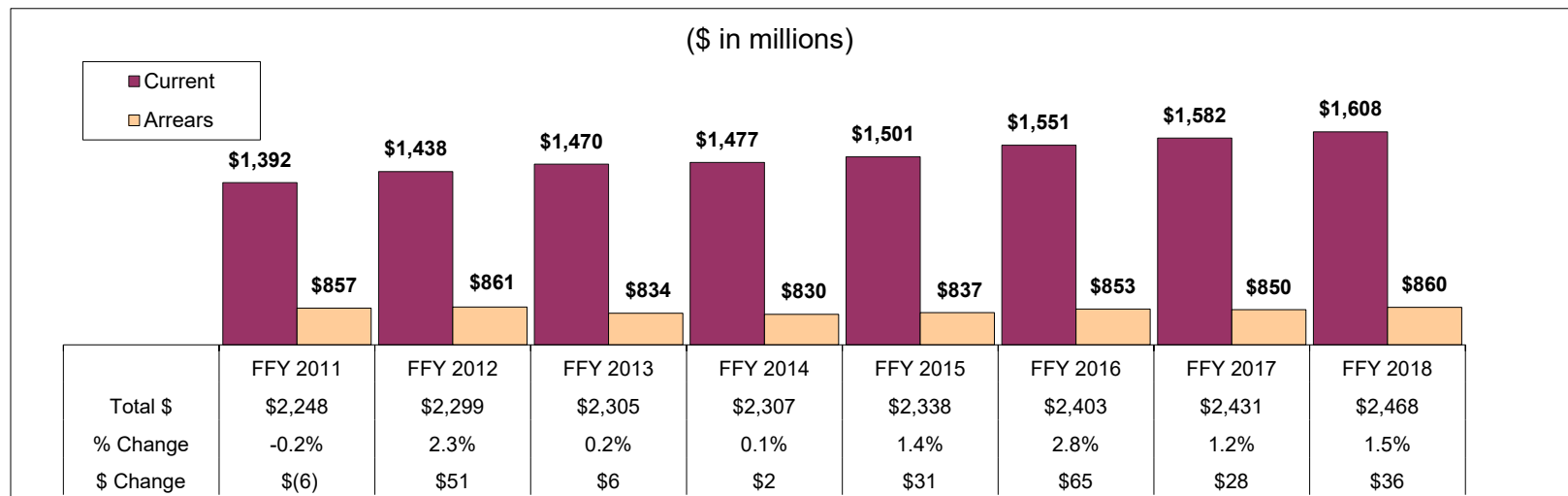
Child support distributed collections are projected to total \$2.58 billion in State Fiscal Year (SFY) 2020-21. The chart below reflect actual and projected Total Distributed Collections for Assistance and Non-Assistance and the year-to-year change by State Fiscal Year.



Source: The collections data for SFY 2013-14 through SFY 2018-19 are from the Child Support 34 and Child Support 35 reports. The SFY 2019-20 through SFY 2020-21 projections are based on the most recent data.

TOTAL DISTRIBUTED COLLECTIONS ^{1/} FOR FEDERAL FISCAL YEARS 2011 through 2018

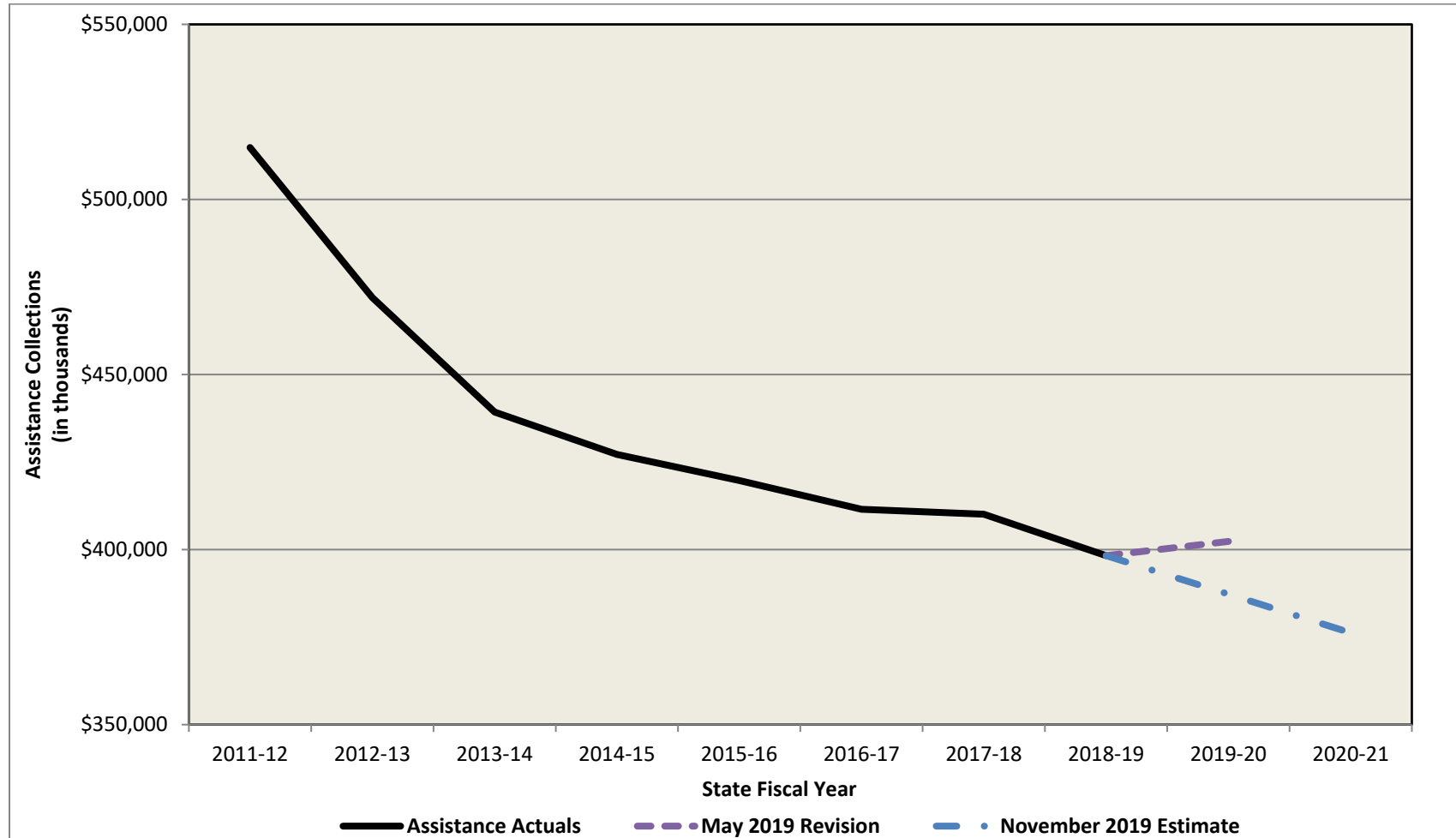
The chart below reflects the Total Distributed Collections as Current and Arrears Support by Federal Fiscal Year (FFY). Child Support distributed collections has grown from \$2.24 billion in FFY 2011 to \$2.46 billion in FFY 2018.



Source: The collections data for FFY 2011 through FFY 2018 is from the Office of Child Support Enforcement Annual Data Report (OCSE-157) line 25 (Total Support Distributed as Current Support during the Fiscal Year) and line 27 (Total Support Distributed as Arrears during the Fiscal Year).

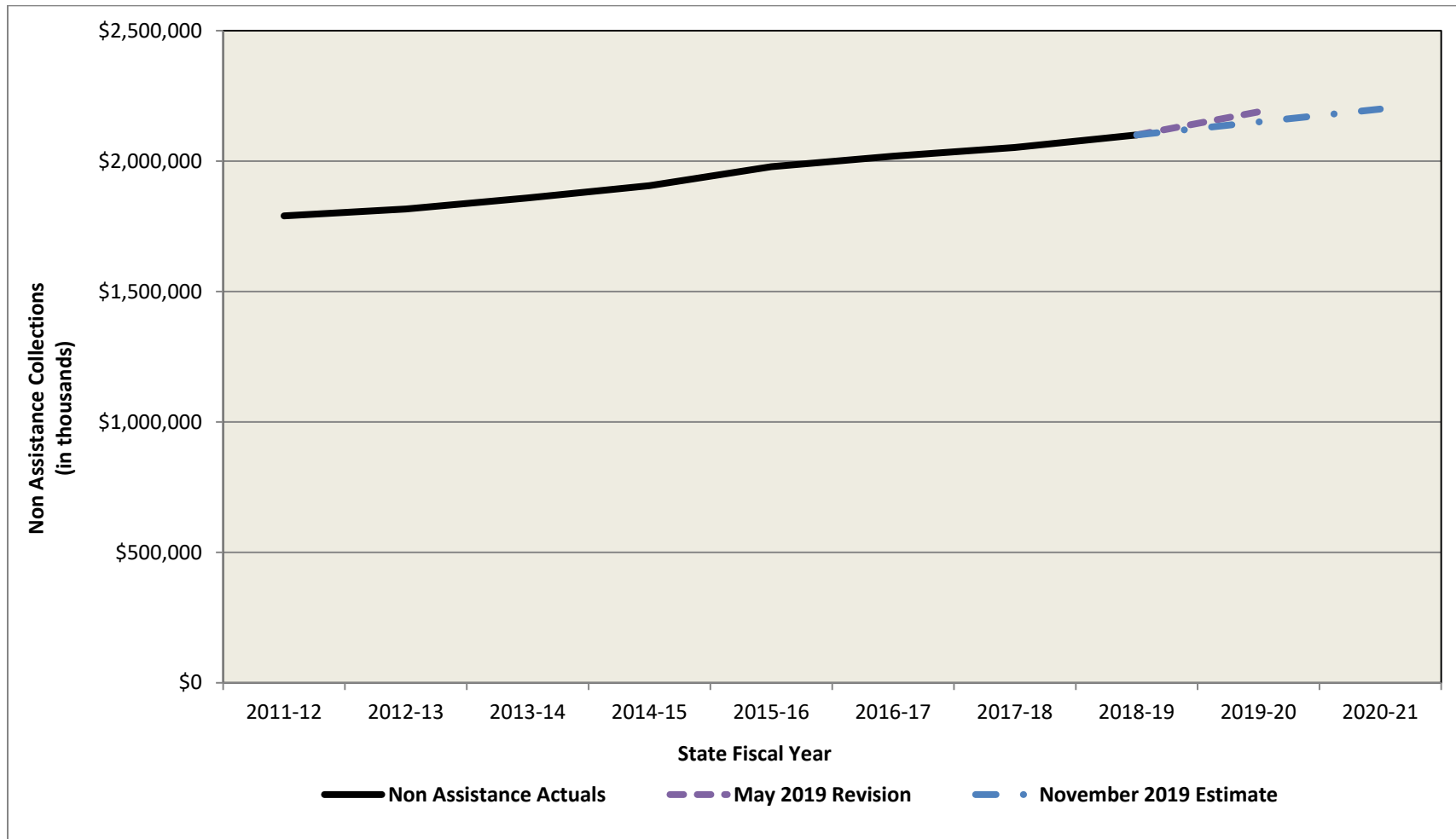
ASSISTANCE COLLECTIONS FORECAST COMPARISON

The November 2019 Estimate reflects a decrease of 2.8 percent for State Fiscal Year (SFY) 2019-20 compared to the SFY 2018-19 actual collections and a decrease of 2.9 percent for SFY 2020-21 compared to the SFY 2019-20 November 2019 Estimate.



NON-ASSISTANCE COLLECTIONS FORECAST COMPARISON

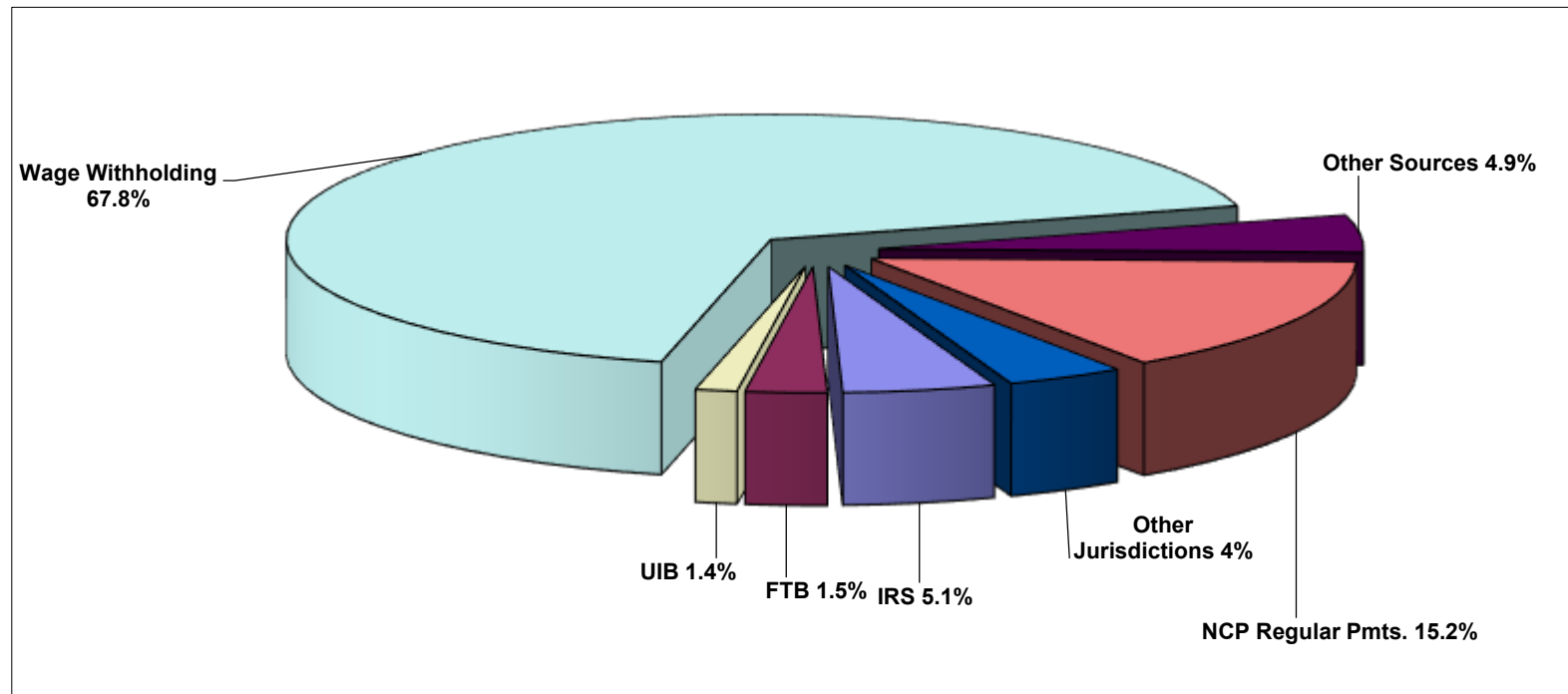
The November 2019 Estimate reflects an increase of 2.4 percent for State Fiscal Years (SFY) 2019-20 and compared to SFY 2018-19 actual collections and an increase of 2.3 percent for SFY 2020-21 compared to SFY 2019-20 November 2019 Estimate.



TOTAL COLLECTIONS RECEIVED BY SOURCE FOR STATE FISCAL YEAR 2018-19

Total child support collections received for State Fiscal Year (SFY) 2018-19 were \$2.5 billion. Collections sources include:

- Wage Withholding totaled \$1.69 billion (67.8 percent)
- Noncustodial Parent (NCP) Regular Payments totaled \$381.7 million (15.2 percent)
- Internal Revenue Service (IRS) Federal income tax refund offsets totaled \$128.6 million (5.1 percent)
- Other Sources¹ totaled \$121.2 million (5.0 percent)
- Other Jurisdictions² totaled \$99.2 million (4 percent)
- Unemployment Insurance Benefits (UIB) offsets totaled \$35.1 million (1.4 percent)
- Franchise Tax Board's (FTB) State income tax refund offsets totaled \$38.5 million (1.5 percent)



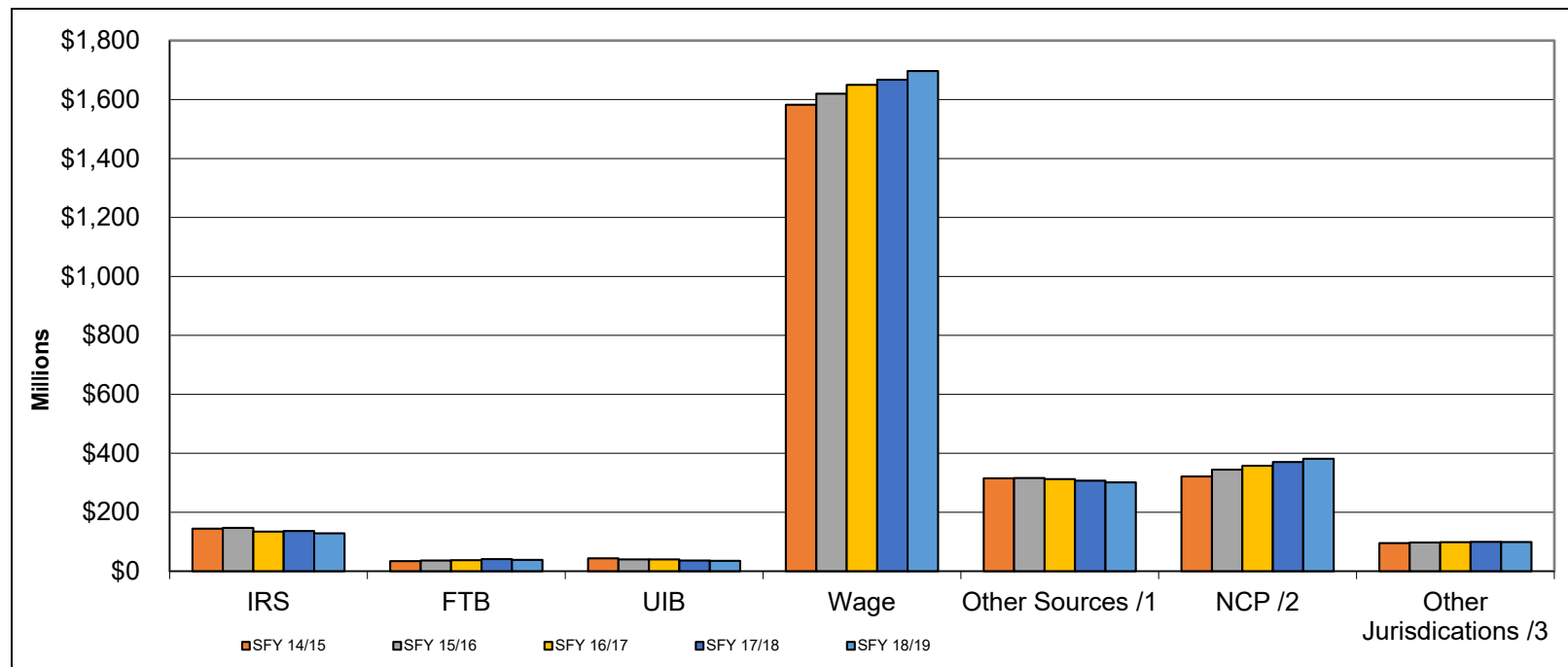
Source: Child Support 34 and Child Support 35 reports.

¹ Includes, but is not limited to, Liens, Workers' Compensation, Disability Insurance Benefits, California Insurance Intercepts, and Financial Data Institution Match (FIDM).

² Includes collections from tribes, other states and countries

HISTORICAL TOTAL COLLECTIONS RECEIVED BY SOURCE

The chart below reflects the Total Collections Received by Source from State Fiscal Year (SFY) 2014-15 through SFY 2018-19. The year-to-year change from SFY 2017-18 to SFY 2018-19 for Internal Revenue Service (IRS) intercepts was a decrease of 5.9 percent; Franchise Tax Board (FTB) intercepts decreased 5.7 percent; Unemployment Insurance Benefits (UIB) intercepts decreased 3.5 percent; Wage Withholdings increased 1.7 percent; Other Sources increased 2.5 percent; Non-Custodial Parent (NCP) regular payments increased 3.1 percent, and Other Jurisdictions decreased .35 percent.



Source: Child Support 34 and Child Support 35 reports.

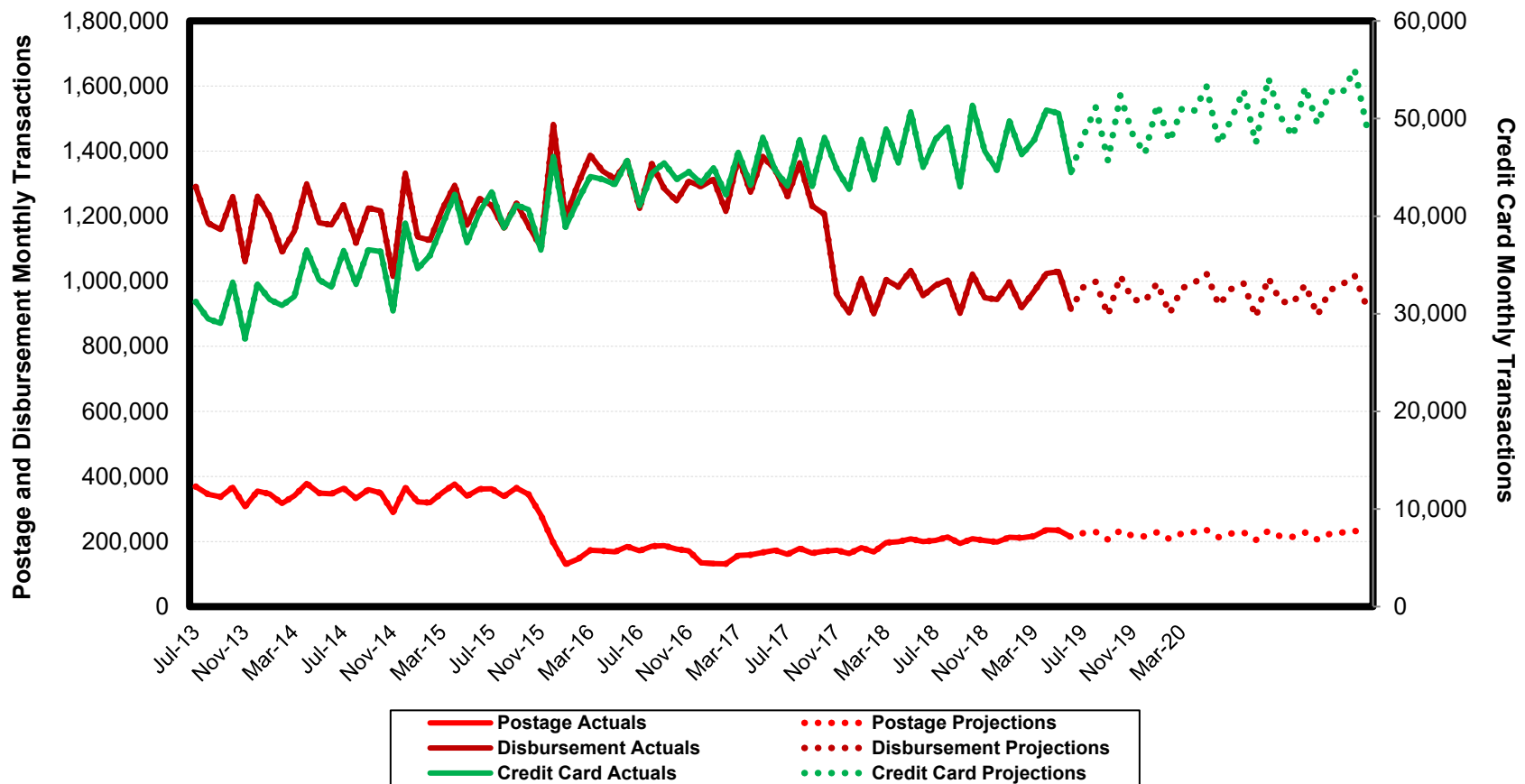
/1 Includes, but is not limited to Liens, Workers' Compensation, Disability Insurance Benefits, California Insurance Intercept and Financial Institution Data Match (FIDM).

/2 Increase may be attributed to the implementation of new payment options: Money Gram and Pay Near Me implemented in June 2015, Kiosk (Touch Pay) implemented April 2016 and Paypal implemented in March 2018.

/3 Includes collections from tribes, other states and countries.

State Disbursement Unit Transactions by Type

The November Estimate forecast utilizes 18 months of actual data for disbursement projections (January 2018 through June 2019), which are expected to level out into the foreseeable future, and 24 months for credit card (July 2017 through June 2019). The postage projection is based on the current percentage of postage transactions to the total paper disbursements, which is 23%.





Federal Performance Measures at a Glance

DCSS implemented the incentive funding system based on program performance as required by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). The Child Support Performance and Incentive Act of 1998 enacted significant changes in the way federal incentives are paid to states. The methodology changed from being based on cost-effectiveness only, to five federal performance measures implemented over a three-year period, beginning October 1, 1999. The federal Office of Child Support Enforcement’s (OCSE) Action Transmittal 01-01, dated January 3, 2001 contains the federal regulations that govern the incentive funding system. Since federal fiscal year (FFY) 2000, states have been evaluated annually for federal incentive funds based on the following five performance measures:

1. Paternity Establishment Percentage

- The “IV-D Paternity Establishment Percentage” (PEP) measures the total number of children in the IV-D caseload in the fiscal year who have been born out-of-wedlock and for whom paternity has been established, compared to the total number of children in the IV-D caseload as of the end of the preceding fiscal year who were born out of wedlock, expressed as a percentage;
- OR
- The “Statewide Paternity Establishment Percentage” measures the total number of children born out-of-wedlock for whom paternity was acknowledged or established in the fiscal year compared to the total number of children in the state born out-of-wedlock preceding fiscal year, expressed as a percentage.

IV-D PEP

Minimum threshold: 50% + 2 - 6% increase annually if under 90%

California’s Performance:

FFY 2018	101.8%	FFY 2014	101.2%	FFY 2010	88.6%	FFY 2006	90.3%	FFY 2002	77.5%
FFY 2017	101.4%	FFY 2013	100.5%	FFY 2009	97.3%	FFY 2005	86.0%		
FFY 2016	101.7%	FFY 2012	98.4%	FFY 2008	94.2%	FFY 2004	87.6%		
FFY 2015	102.0%	FFY 2011	92.2%	FFY 2007	91.3%	FFY 2003	87.0%		

Statewide PEP

Minimum threshold: 50% + 2 - 6% increase annually if under 90%

California’s Performance:

FFY 2018	93.6%	FFY 2014	98.2%	FFY 2010	102.6%	FFY 2006	109.9	FFY 2002	108.7%
FFY 2017	94.3%	FFY 2013	98.6%	FFY 2009	103.4%	FFY 2005	106.5		
FFY 2016	98.6%	FFY 2012	101.6%	FFY 2008	101.4%	FFY 2004	117.8%		
FFY 2015	98.0%	FFY 2011	107.0%	FFY 2007	106.7%	FFY 2003	105.9%		

2. Percent of Cases with a Child Support Order

This data element measures cases with support orders as compared with the total caseload. Support orders are broadly defined as all legally enforceable orders, including orders for medical support only, and zero support orders, expressed as a percentage.

Minimum threshold: 50% or 5% increase annually

California’s Performance:

FFY 2018	91.6%	FFY 2014	89.2%	FFY 2010	82.5%	FFY 2006	80.6%	FFY 2002	75.3%
FFY 2017	91.2%	FFY 2013	89.0%	FFY 2009	78.8%	FFY 2005	80.3%		
FFY 2016	90.4%	FFY 2012	87.9%	FFY 2008	80.2%	FFY 2004	78.1%		
FFY 2015	89.4%	FFY 2011	85.8%	FFY 2007	82.1%	FFY 2003	76.4%		

3. Current Collections Performance

This performance standard measures the amount of current support collected as compared to the total amount of current support owed, expressed as a percentage.

Minimum threshold: 40%

California’s Performance:

FFY 2018	66.5%	FFY 2014	64.9%	FFY 2010	56.0%	FFY 2006	50.4%	FFY 2002	42.4%
FFY 2017	66.5%	FFY 2013	63.3%	FFY 2009	53.4%	FFY 2005	49.3%		
FFY 2016	67.0%	FFY 2012	61.4%	FFY 2008	52.8%	FFY 2004	48.0%		
FFY 2015	66.5%	FFY 2011	58.6%	FFY 2007	51.5%	FFY 2003	45.2%		

4. Arrearage Collections Performance

This performance standard measures the number of cases with child support arrearage collections as compared with the number of cases owing arrearages during the federal fiscal year, expressed as a percentage.

Minimum threshold: 40%

California’s Performance:

FFY 2018	66.8%	FFY 2014	65.8%	FFY 2010	60.3%	FFY 2006	56.5%	FFY 2002	54.9%
FFY 2017	66.4%	FFY 2013	65.1%	FFY 2009	59.4%	FFY 2005	56.0%		
FFY 2016	66.7%	FFY 2012	63.5%	FFY 2008	59.1%	FFY 2004	54.9%		
FFY 2015	66.2%	FFY 2011	61.6%	FFY 2007	57.1%	FFY 2003	55.4%		

5. Cost Effectiveness Performance Level

This measure compares the total amount of distributed collections to the total amount of expenditures for the fiscal year, expressed as distributed collections per dollar of expenditure.

Minimum threshold: \$2.00

California’s Performance:

FFY 2018	\$2.52	FFY 2014	\$2.43	FFY 2010	\$2.38	FFY 2006	\$2.03	FFY 2002	\$2.23
FFY 2017	\$2.52	FFY 2013	\$2.54	FFY 2009	\$2.10	FFY 2005	\$2.15		
FFY 2016	\$2.51	FFY 2012	\$2.47	FFY 2008	\$1.96*	FFY 2004	\$2.12		
FFY 2015	\$2.51	FFY 2011	\$2.29	FFY 2007	\$2.01	FFY 2003	\$2.31		

*The actual FFY 2008 statewide total for cost effectiveness is \$2.04. Due to a reporting error it had been reported as \$1.96.

Data Reliability

In addition to meeting these performance goals, for purposes of incentives and penalties, data must meet a 95 percent standard of reliability. Data must be found to be sufficiently complete and error free. Federal auditors are required to conduct audits to assess completeness, reliability and security of the data, and the accuracy of the reporting systems used in calculating performance indicators.

Failure to meet the data reliability standard puts states at risk of losing eligibility for incentive funds and incurring significant penalties unless improvements are made during the year.

Penalties

If any state falls below one or more of the performance measures or does not meet the data reliability criteria, then an automatic corrective action period of one year will ensue. If not corrected during that period, a penalty will be imposed at the end of that year. For example, if a state failed two consecutive annual audits, a penalty would be imposed. The penalty level by which payments would be reduced is one to two percent of the Temporary Assistance for Needy Families (TANF) grant for the first finding; two to three percent for the second consecutive finding; and three to five percent for the third and subsequent consecutive findings. Total penalties may not exceed 25 percent of the TANF grant.

Federal Performance Measures Preliminary National Ranking Data – FFY 2018

National Federal Performance Measures for Federal Fiscal Year 2018																	
IV-D PEP			Statewide PEP			Cases with Support Orders			Current Support Paid			Cases Pacing on Arrears			Cost Effectiveness		
Arizona	154.7%	1	Colorado	106.6%	1	Maine	95.3%	1	Pennsylvania	64.3%	1	Pennsylvania	64.3%	1	Mississippi	\$10.85	1
Wyoming	129.9%	2	Wyoming	107.2%	2	Indiana	94.6%	2	North Dakota	75.3%	2	Vermont	76.2%	2	South Dakota	\$10.24	2
Nevada	126.4%	3	Alaska	103.7%	3	Connecticut	93.9%	3	Minnesota	74.9%	3	Minnesota	72.4%	3	Texas	\$10.04	3
Vermont	107.7%	4	Utah	103.7%	4	Wyoming	93.7%	4	Wisconsin	74.7%	4	Indiana	72.4%	4	Missouri	\$8.69	4
South Dakota	107.3%	5	Oklahoma	102.7%	5	Washington	93.3%	5	Vermont	74.7%	5	Wyoming	72.3%	5	Oklahoma	\$7.16	5
Montana	106.0%	6	New Hampshire	96.8%	6	Iowa	92.8%	6	Iowa	72.7%	6	Maryland	70.2%	6	Georgia	\$7.14	6
Pennsylvania	105.7%	7	Kansas	96.3%	7	North Dakota	92.5%	7	Michigan	71.4%	7	Florida	70.0%	7	Tennessee	\$7.06	7
North Dakota	105.6%	8	Hawaii	96.1%	8	Alaska	92.1%	8	Nebraska	70.6%	8	Arkansas	69.9%	8	Wyoming	\$6.79	8
Indiana	105.2%	9	Pennsylvania	95.6%	9	Arkansas	92.0%	9	Massachusetts	70.1%	9	Wisconsin	69.6%	9	Utah	\$6.43	9
Utah	104.9%	10	Oregon	95.5%	10	Idaho	92.0%	10	Ohio	69.6%	10	Iowa	69.4%	10	Michigan	\$6.37	10
New Hampshire	104.5%	11	Iowa	95.3%	11	California	91.6%	11	Wyoming	68.8%	11	Nebraska	68.5%	11	Kentucky	\$6.32	11
Maine	104.5%	12	Nebraska	94.8%	12	Ohio	91.5%	12	Maryland	68.7%	12	New Jersey	67.9%	12	Ohio	\$6.28	12
Wisconsin	102.6%	13	Virginia	94.4%	13	South Dakota	91.2%	13	New Jersey	68.7%	13	Colorado	67.5%	13	North Dakota	\$6.22	13
West Virginia	101.9%	14	Illinois	94.2%	14	Georgia	90.9%	14	West Virginia	68.2%	14	Nevada	67.4%	14	Virginia	\$6.19	14
California	101.8%	15	New Jersey	94.0%	15	Arizona	90.5%	15	North Carolina	68.0%	15	North Carolina	66.9%	15	Florida	\$6.18	15
North Carolina	101.3%	16	Georgia	93.6%	16	Vermont	90.5%	16	Nevada	67.5%	16	California	66.2%	16	Nebraska	\$5.91	16
Minnesota	101.2%	17	California	93.6%	17	Pennsylvania	90.3%	17	Washington	67.4%	17	New Hampshire	66.6%	17	Iowa	\$5.86	17
Arkansas	100.9%	18	Ohio	93.5%	18	Virginia	89.6%	18	New York	67.0%	18	Maine	66.3%	18	Louisiana	\$5.84	18
Georgia	100.7%	19	Tennessee	93.3%	19	Nevada	89.5%	19	California	66.5%	19	Ohio	66.1%	19	Wisconsin	\$5.80	19
Kansas	99.5%	20	Texas	93.2%	20	Oregon	89.4%	20	Indiana	66.3%	20	Michigan	66.0%	20	Kansas	\$5.75	20
Nebraska	99.3%	21	Connecticut	92.2%	21	West Virginia	89.4%	21	Utah	65.9%	21	Virginia	65.9%	21	Massachusetts	\$5.74	21
Iowa	98.9%	22	Maryland	91.8%	22	Kansas	89.2%	22	Idaho	65.6%	22	North Dakota	65.8%	22	Rhode Island	\$5.48	22
Connecticut	98.5%	23	Florida	91.6%	23	Montana	89.1%	23	Arkansas	65.4%	23	Montana	65.5%	23	West Virginia	\$5.33	23
Ohio	98.4%	24	New York	91.1%	24	Kentucky	88.9%	24	Texas	65.2%	24	Alaska	65.3%	24	Arizona	\$5.29	24
Maryland	98.4%	25	Michigan	90.5%	25	Colorado	88.7%	25	Virginia	65.0%	25	Utah	64.8%	25	Idaho	\$5.25	25
Washington	98.0%	26	Massachusetts	90.3%	26	Alabama	88.5%	26	New Hampshire	64.9%	26	New Mexico	64.3%	26	Illinois	\$5.22	26
Mississippi	97.7%	27	Missouri	88.3%	27	Missouri	88.3%	27	Montana	64.5%	27	Georgia	63.9%	27	Indiana	\$5.21	27
Virginia	97.4%	28	South Carolina	84.5%	28	Minnesota	88.3%	28	Colorado	64.5%	28	Texas	63.3%	28	Alabama	\$5.20	28
Missouri	97.4%	29	West Virginia	84.4%	29	Louisiana	87.9%	29	Oregon	64.1%	29	Oklahoma	62.9%	29	Arkansas	\$5.06	29
New Jersey	97.3%	30	Montana	74.3%	30	New Jersey	87.7%	30	Maine	64.1%	30	Oregon	62.9%	30	New York	\$4.81	30
Idaho	97.1%	31	Dist. Of Columbia	71.3%	31	Utah	87.6%	31	South Dakota	63.7%	31	South Carolina	62.7%	31	Pennsylvania	\$4.78	31
South Carolina	96.8%	32	Idaho	66.8%	32	Massachusetts	87.5%	32	Florida	63.1%	32	Tennessee	62.6%	32	New Jersey	\$4.65	32
New Mexico	96.5%	33	Alabama	NA	33	Nebraska	87.5%	33	Hawaii	62.8%	33	Washington	62.1%	33	Montana	\$4.64	33
Alabama	96.3%	34	Arizona	NA	34	Texas	87.3%	34	Illinois	62.4%	34	West Virginia	61.0%	34	Hawaii	\$4.63	34
Rhode Island	95.9%	35	Arkansas	NA	35	New York	87.2%	35	Rhode Island	62.1%	35	Missouri	60.8%	35	North Carolina	\$4.57	35
Tennessee	95.6%	36	Delaware	NA	36	Wisconsin	86.8%	36	Dist. Of Columbia	61.9%	36	Kentucky	60.5%	36	Maryland	\$4.35	36
Louisiana	95.4%	37	Gum	NA	37	North Carolina	85.3%	37	Connecticut	61.4%	37	Colorado	60.5%	37	Colorado	\$4.22	37
Kentucky	94.1%	38	Indiana	NA	38	Tennessee	85.1%	38	Missouri	60.4%	38	Idaho	60.2%	38	Washington	\$4.21	38
Alaska	92.8%	39	Kentucky	NA	39	Mississippi	83.8%	39	Georgia	60.1%	39	Illinois	60.1%	39	Alaska	\$3.84	39
Michigan	92.2%	40	Louisiana	NA	40	Maryland	83.6%	40	Delaware	59.7%	40	Connecticut	59.9%	40	Maine	\$3.70	40
Oregon	92.2%	41	Maine	NA	41	Oklahoma	83.3%	41	Arizona	58.6%	41	Massachusetts	59.6%	41	Oregon	\$3.60	41
Hawaii	92.1%	42	Minnesota	NA	42	South Carolina	83.0%	42	Kentucky	57.9%	42	Alabama	59.4%	42	New Mexico	\$3.55	42
Florida	91.7%	43	Mississippi	NA	43	Illinois	83.0%	43	Alaska	56.3%	43	Mississippi	58.6%	43	Nevada	\$3.55	43
Colorado	91.6%	44	Nevada	NA	44	Florida	82.1%	44	Tennessee	56.3%	44	Arkansas	57.8%	44	South Carolina	\$3.45	44
New York	88.4%	45	New Mexico	NA	45	New Hampshire	82.0%	45	Kansas	56.2%	45	Arizona	57.7%	45	Minnesota	\$3.27	45
Texas	87.6%	46	North Carolina	NA	46	Michigan	80.6%	46	Oklahoma	56.0%	46	Dist. Of Columbia	57.6%	46	Connecticut	\$3.23	46
Massachusetts	85.7%	47	North Dakota	NA	47	Dist. Of Columbia	79.0%	47	South Carolina	55.4%	47	New York	57.3%	47	New Hampshire	\$3.18	47
Illinois	82.7%	48	Puerto Rico	NA	48	Hawaii	78.5%	48	New Mexico	55.4%	48	Delaware	56.0%	48	Delaware	\$2.75	48
Delaware	82.6%	49	Rhode Island	NA	49	New Mexico	77.5%	49	Mississippi	54.4%	49	Louisiana	54.0%	49	Vermont	\$2.72	49
Oklahoma	81.0%	50	South Dakota	NA	50	Delaware	75.3%	50	Alabama	54.2%	50	Rhode Island	52.7%	50	California	\$2.52	50
Dist. Of Columbia	74.8%	51	Vermont	NA	51	Rhode Island	74.7%	51	Louisiana	54.1%	51	Hawaii	43.2%	51	Dist. Of Columbia	\$2.01	51
Gum	NA		Virgin Islands	NA		Gum	NA		Gum	NA		Gum	NA		Gum	NA	
Puerto Rico	NA		Washington	NA		Puerto Rico	NA		Puerto Rico	NA		Puerto Rico	NA		Puerto Rico	NA	
Puerto Rico	NA		Wisconsin	NA		Virgin Islands	NA		Virgin Islands	NA		Virgin Islands	NA		Virgin Islands	NA	
Weighted National Average/Total	96.3%		92.9%		87.6%		65.8%		64.6%		\$5.12						

Note: Preliminary data based on OCSE 157 data submitted by each state to OCSE and provided to MAXIMUS. Subsequent revisions to OCSE 157 data provided to OCSE but not provided to MAXIMUS are not reflected here.

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Local Child Support Agency Basic Costs

DESCRIPTION:

This premise reflects funding for the Local Child Support Agency (LCSA) basic costs.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code (FC) Section 17306(b)(2), FC Section 17704(b), FC Section 17005(a), FC Section 17706, and FC Section 17710(a).
- IRS Publication 1075 Tax Information Security Guidelines

METHODOLOGY:

Basic Costs:

Basic Costs are the sum of administration, federal performance basic incentives, LCSA performance improvement program, county match for administration, and revenue stabilization. The forecast for Basic Cost is \$822,965,000 for State Fiscal Year (SFY) 2019-20 and \$881,012,000 SFY 2020-21.

Administration:

LCSA administration costs include salaries and benefits of county staff as well as operating costs. LCSA are responsible for case intake, court preparation to establish paternity and support obligations, and the enforcement of support obligations, including locating absent parents. LCSA administration costs are funded at \$720,481,000 for SFY 2019-20 and \$776,632,000 for SFY 2020-21. Funding for administration is 34 percent State General Fund (SGF) and 66 percent Federal Financial Participation (FFP) matching funds.

Recent administration costs adjustments:

- Department of Child Support Services (DCSS) received a funding augmentation for LCSA operational costs in the 2019-20 Enacted Budget totaling \$56,039,000 (\$19,053,000 GF). The funding augmentation provided first year funding as part of a four-year augmentation plan totaling \$180,749,000 (\$61,455,000 SGF). DCSS requested year-two funding for SFY 2020-21, which is an additional \$56,039,000 (\$19,053,000). This funding was the result of a new funding methodology developed through collaborative work group sessions with the Child Support Director's Association (CSDA). The work group sessions focused on establishing child support staffing ratios as defined in the CSDA Level of Effort Study. The study identified the full-time equivalent (FTE) staffing ratios needed to effectively carry out child support case management activities. It also addressed staffing ratios for supervisors, managers, attorneys and administrative staff for all LCSAs. A workgroup comprised of DCSS and CSDA executive staff established a new LCSA Funding Formula methodology that utilizes the defined FTE ratios relative to each LCSA's caseload, funding for operating expenses, call center staffing (if applicable), and a performance incentive for improved LCSA collections. The LCSA Funding Formula resulted in an additional \$180,749,000 (\$61,455,000 SGF) necessary to adequately fund LCSA operations. The augmentation will be phased in over the next four SFYs.

- Includes \$113,000 (\$39,000 GF) for SFY 2019-20 and \$225,000 (\$77,000 GF) for SFY 2020-21 and ongoing for implementation of Chapter 876, Statutes of 2018. The new legislation, effective January 2020, requires the DCSS to expand the Paternity Establishment Program to include voluntary declaration of parentage services to unmarried couples including, but not limited to, unmarried same sex couples who have children using assisted reproductive technology.

Federal Performance Basic Incentives:

Federal Performance Basic Incentive funds of \$43,749,000 for SFY 2019-20 and \$44,645,000 for SFY 2020-21 are included in LCSA Basic Costs. These numbers reflect the amount of estimated federal incentive funds available to cover LCSA administration costs. For details, refer to the Federal Performance Basic Incentives premise description.

County Match for Administration:

Included in LCSA Basic Costs are county match funds for those LCSAs that elect to supplement the program with local matching funds. For SFY 2019-20 and SFY 2020-21, the budget is \$40,000,000 (\$26,400,000 federal funds and \$13,600,000 county funds). Funding for the County Match is 34 percent County General Fund (CGF) and 66 percent FFP matching funds. Counties may supplement their funding by using CGF in lieu of SGF.

Revenue Stabilization:

SFY 2019-20 and SFY 2020-21 includes an on-going augmentation of \$18,735,000 for Revenue Stabilization. For details, refer to the Revenue Stabilization premise description.

CHANGE FROM ENACTED BUDGET:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

Based on the most recent data available, the Federal Performance Basic Incentives are forecasted to increase in SFY 2020-21. Also includes LCSA operational cost year two funding of \$56,039,000.

EXPENDITURES:

(in thousands)	2019-20	2020-21
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$822,965	\$881,012
Federal	557,815	595,771
State	251,550	271,641
County	13,600	13,600
Reimbursements	0	0

Federal Performance Basic Incentives

DESCRIPTION:

This premise reflects the Federal Performance Basic Incentives. Pursuant to the Child Support Performance and Incentive Act of 1998, the federal incentives passed onto Local Child Support Agencies (LCSAs) are based on the five performance measures and Data Reliability Audit compliance. California's historical performance on the Federal Performance Measures is displayed in the Auxiliary Tables section of this document (Charts A-9 through A-11).

IMPLEMENTATION DATE:

The federal performance incentive methodology was implemented October 1, 1999 and phased in over three years.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code Section 17704, Public Law (PL) 105-200.
- The federal government pays incentives based on PL 105-200 using the following criteria:

1. The State's Collection Base

The federal incentive methodology gives a weight of "2" for all distributed collections made in current, former and Medicaid assistance cases and adds Never Assisted collections to make up the state's collection base. Federal fiscal year distributed collections were taken from the Office of Child Support Enforcement Quarterly Report of Collection reports. The formula is as follows:

$$2 \times (\text{Current Assistance Collections} + \text{Former Assistance Collections} + \text{Medicaid Assistance}) + \text{Never Assisted Collections} + \text{Collections for Other Countries} + \text{Fees Retained by Other States} = \text{State's Collection Base}$$

The state's incentive amount earned is based on the calculation of each performance measure level multiplied against the state's collection base.

2. Performance Factors

The federal incentive methodology considers program performance in five areas to determine each performance level:

- Paternity Established (Statewide Paternity Establishment Percentage) =
$$\frac{\text{Out-of-Wedlock Children w/Paternity}}{\text{Total Out-of-Wedlock Children, Last Fiscal Year}}$$
- Support Orders Established =
$$\frac{\text{Total Cases w/Support Orders}}{\text{Total Number of Cases}}$$

KEY DATA/ASSUMPTIONS (continued):

- Current Support Collected =
Total Current Support Collected ÷ Total Current Support Owed

(The previous three performance factors may each earn up to a performance level of 100 percent of the collection base.)

- Cases Paying on Arrears =
Total Cases Paying Arrears ÷ Cases with Total Arrears Due

- Cost-Effectiveness =
Total Collections ÷ Total Expenditures

(The above two performance factors may each earn up to a performance level of 75 percent of the collection base.)

3. Data Reliability Audit

The five performance measures data that the state reports annually is required to be complete and reliable through an audit. State data must meet a 95 percent standard of reliability. Failure to meet the data reliability standard in a given performance measure by a state would result in a reduction of federal incentives and the potential issuance of a performance penalty.

4. The Incentive Base Amount

Each performance level is multiplied by the collection base for each performance factor which results in an incentive base amount.

5. Comparison with Other States

The estimated maximum base for California is divided by the estimated maximum base for all states to determine California's share of the available federal incentive pool.

6. Determining the State's Incentive Entitlement

California's percentage of the available pool, as determined in number five, is multiplied by the available federal incentive pool to determine California's entitlement to federal incentives.

KEY DATA/ASSUMPTIONS (continued):

7. The Available Federal Incentive Pool

The available pool of federal incentive funds is determined using the Consumer Price Index. Following are the statutorily set pool amounts for each Federal Fiscal Year:

Federal Fiscal Year	National Incentive Pool Available	California's Earned Performance Incentives
2014	\$547,000,000	\$39,179,540
2015	\$556,000,000	\$40,765,180
2016	\$559,000,000	\$41,167,696
2017	\$571,000,000	\$41,997,177
2018 ¹	\$583,000,000	\$42,879,780
2019 ¹	\$595,000,000	\$43,749,032
2020 ¹	\$607,000,000	\$44,644,985

¹/ FFY 2018 through 2020 are based on the Policy Studies Institute estimate.

METHODOLOGY:

The federal incentives are estimated using the methodology under PL 105-200. Based on current information available, it is estimated that California will be entitled to \$43,749,000 federal incentives in State Fiscal Year (SFY) 2019-20 and \$44,645,000 in SFY 2020-21.

FUNDING:

Funding for Federal Performance Basic Incentives is 100 percent federal funds.

CHANGE FROM ENACTED BUDGET:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

Based on the most recent data available, California's share of the national federal incentive pool is projected to increase in SFY 2020-21.

EXPENDITURES:

(in thousands)

	2019-20	2020-21
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Federal Performance	\$43,749	\$44,645
Basic Incentives		
Federal	43,749	44,645
State	0	0
County	0	0
Reimbursements	0	0

Parentage Establishment Program (AB 2684)

DESCRIPTION:

This premise reflects the volume of Declarations of Parentage, as required by Family Code (FC) Section 7570-7577.

The California Paternity Opportunity Program (POP) was established in 1995 to comply with federal mandate (Title 42 United States Code (USC) 666(a)(5)(C)) that requires the Child Support Program to operate a simple system to establish paternity, or a legal determination for fatherhood for unmarried biological parents.

Establishing paternity is a critical first step in providing children with access to key benefits, such as social security and health insurance. Paternity establishment is achieved by either 1) obtaining a court order, or 2) completing a Declaration of Paternity. The Declaration of Paternity is a legal affidavit that holds the same legal force and effect as a court order and is offered free of charge by authorized witnessing agencies.

Chapter 876, Statutes of 2018 (AB 2684) revises the Uniform Parentage Act to ensure parents and children are treated the same, regardless of whether the children are born to same-sex or opposite sex couples. This new statute requires DCSS to expand the current POP to include voluntary declaration of parentage procedures to unmarried couples, including, but not limited to, unmarried same-sex couples who have children using assisted reproductive technology. The Office of Child Support Enforcement (OCSE) defines parentage as, "the legal mother-child relationship and father-child relationship as determined by the state."

IMPLEMENTATION DATE:

This premise will be implemented January 1, 2020.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: FC Section 7570-7577.

METHODOLOGY:

- Chapter 876 increases the number of people eligible to sign a declaration. Currently, LCSAs receive approximately 150,000 completed declarations annually from Authorized Witnessing Agencies. Assuming a 15 percent increase in declarations for parentage, DCSS anticipates an annual increase of 22,500.
- LCSAs are required to pay ten dollars (\$10) to birthing hospitals and other entities for each completed declaration that is filed with DCSS per California Family Code section 7571.

FUNDING:

- Funding for this premise consists of 34 percent SGF and 66 percent Federal Financial Participation matching funds.

CHANGE FROM ENACTED BUDGET:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

Updated to reflect a full year volume of declarations.

NUMBER OF DECLARATIONS OF PARENTAGE:

	2019-20	2020-21
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	11,250	22,500

Local Child Support Agency Revenue Stabilization

DESCRIPTION:

This premise reflects a permanent ongoing augmentation of \$18,735,000 (\$6,370,000 State General Fund (SGF)) for local child support agencies (LCSAs) to stabilize caseworker staffing and avoid a potential loss in child support collections.

In order to receive an allocation of revenue stabilization funds, LCSAs were required to develop and submit early intervention plans including the development of early intervention strategies that would be ready for implementation by July 1, 2009. Early intervention provides for a proactive approach to establish consistent and reliable payments of current support for families by engaging the noncustodial parent early in the child support process.

IMPLEMENTATION DATE:

This premise was implemented July 1, 2009.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code (FC) Section 17704(b) and FC Section 17710(a).
- The LCSAs were able to retain 202 caseworker staff in State Fiscal Year (SFY) 2018-19 with Revenue Stabilization funding.
- For SFY 2018-19, the marginal return on collections per caseworker for assistance cases was \$78,055.
- For SFY 2018-19, the marginal return on collections per caseworker for non-assistance cases was \$667,173.

METHODOLOGY:

- In SFY 2009-10, the base administration allocation of \$696,400,000 was used to calculate the inflationary increase needed to maintain a full administration allocation. The Consumer Price Index of 2.7 percent was applied to the base allocation resulting in an additional \$18,735,000 needed to fully fund administrative activities.
- An analysis of actual collections and caseworker staffing levels was used to estimate the marginal return on collections per caseworker.
- The 201 caseworkers were multiplied by the marginal return on collections per assistance case. This quotient was reduced by \$455,955 (to account for disregards) to compute additional net assistance collections of \$15,230,000 (\$7,247,000 SGF) in SFY 2019-20 and SFY 2020-21. The 201 caseworkers were multiplied by the marginal return on collections per non-assistance case to compute additional non-assistance collections of \$134,076,000.

FUNDING:

- Funding for this premise consists of 34 percent SGF and 66 percent Federal Financial Participation matching funds.
- Collections for assistance families are retained and serve as recoupment of public assistance costs. Collections received on behalf of non-assistance families are forwarded directly to custodial parties.
- The assistance collections are shared based on the Federal Medical Assistance Percentage and the non-federal sharing ratios. See Appendix A for the sharing ratios.

CHANGE FROM ENACTED BUDGET:

The collection estimate has been updated to reflect the latest projection on the marginal return on collections per caseworker.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in thousands)

	2019-20	2020-21
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$18,735	\$18,735
Federal	12,365	12,365
State	6,370	6,370
County	0	0
Reimbursements	0	0

COLLECTIONS:

(in thousands)

	2019-20	2020-21
	<u>Collections</u>	<u>Collections</u>
Assistance Total	\$15,230	\$15,230
Federal	7,289	7,289
State	7,221	7,221
County	720	720
Other		
Non-Assistance	\$134,076	\$134,076
Total Collections	\$149,307	\$149,307

Internal Revenue Service Intercept Fees

DESCRIPTION:

This premise reflects the additional cost for Internal Revenue Service tax intercepts.

IMPLEMENTATION DATE:

This premise was implemented October 1, 2007.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Title IV-D of the Social Security Act and 5 United States Code § 5514 (A)(a)(i).

METHODOLOGY:

- The federal tax intercepts were forecasted based on the actuals collected in State Fiscal Year 2018-19.
- Based on the September 5, 2019 Federal Offset eflash email #19-44, the federal tax intercept fee is increasing to \$19.64 per offset, and the administrative fee will decrease to \$12.50 per offset.

FUNDING:

Funding for this premise consists of 34 percent State General Fund and 66 percent Federal Financial Participation matching funds.

CHANGE FROM ENACTED BUDGET:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in thousands)

	2019-20	2020-21
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$2,213	\$2,213
Federal	1,460	1,460
State	753	753
County	0	0
Reimbursements	0	0

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Deficit Reduction Act – Mandatory Fee

DESCRIPTION:

The Federal Deficit Reduction Act (FDRA) of 2005 requires each state's office of child support enforcement to collect a \$25 annual fee from families that have never received Temporary Assistance for Needy Families and have received at least \$500 in child support during the current fiscal year. Fees may be recovered from the custodial party, the non-custodial parent or the State (using state funds). California opted to pass the annual fee to the custodial party and began collecting the fee October 1, 2011. Annually, via the automated child support system, qualifying cases are assessed the \$25 fee. As required by FDRA 2005, 66 percent of the total fees collected are remitted to the federal government. The remaining 34 percent is retained by the state.

IMPLEMENTATION DATE:

This premise was implemented January 1, 2008.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Public Law 109-171, FDRA of 2005 and Family Code 17208(c).
- California Child Support Automation System, Child Support Enforcement began tracking fees on October 1, 2010 and started assessing and collecting fees on October 1, 2011. Custodial parties began paying the fees in State Fiscal Year 2011-12.
- The federal budget (H.R. 1892) proposes changes to the FDRA of 2005. DCSS submitted and the legislature approved trailer bill language to increase the administrative service fee to \$35 and increase the disbursement threshold to \$550, effective October 1, 2019. DCSS estimates the change will increase the annual service fees, beginning in SFY 2020-21, by approximately \$1.6 million, of which approximately \$1 million will be remitted to the federal government.

METHODOLOGY:

- The number of never-assisted cases assessed the fee is multiplied by \$25 to compute the total fees.
- The total fees to be collected are multiplied by 66 percent to determine the federal share.

FUNDING:

These costs represent the 66 percent Federal Financial Participation to be paid from the State General Fund.

CHANGE FROM ENACTED BUDGET:

The forecast is based on actual assessment data.

REASON FOR YEAR-TO-YEAR CHANGE:

The forecast is based on actual assessment data and includes the estimated increase of mandatory fee.

EXPENDITURES:

(in thousands)

	2019-20	2020-21
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$2,638	\$3,693
Federal	0	0
State	2,638	3,693
County	0	0
Reimbursements	0	0

Section 1115 Grant Dedicated Daddies Make a Difference

DESCRIPTION:

This premise reflects the Behavioral Interventions for Child Support Services (BICS) federal grant, which was awarded to fund the Dedicated Daddies Make a Difference program in Sacramento and San Joaquin counties. This program targets newly identified noncustodial parents and focuses on improving their willingness and ability to pay child support. The grant program will test the targeted population using tailored Early Intervention techniques.

This is a five-year grant that is currently in its fifth of the performance period. The first year was devoted to start-up and development of the program design. In years two and three, both counties encouraged noncustodial parents to engage in the order-setting process. The goal was to encourage noncustodial parents to file an answer with the court and attend a court hearing or enter into a consent order. By participating in the process, it is anticipated that noncustodial parents will be more likely to continue participating in the child support program by making regular payments. During year four, San Joaquin focused on explaining payment options to noncustodial parents immediately following court hearings and mailing payment options to noncustodial parents who did not attend a hearing, and then monitoring these cases for payments and making follow-up phone calls. Year five is focusing on incorporating the philosophy of Behavioral Intervention into normal business practices throughout both offices.

IMPLEMENTATION DATE:

This premise was implemented September 30, 2014.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Section 1115(a)(2), 1115(b) and 1115(b)3 of the Social Security Act [42 United States Code 1315].
- The grant is effective from September 30, 2014 through September 29, 2019.
- Section 1115 grant funds awarded to each project will represent 34 percent of the total project costs. The grant funds will be treated as state expenditures under Title IV-D that, for purposes of the demonstration project, will be reimbursed by the regular Title IV-D federal financial participation (FFP) match of 66 percent. The total approved cost of the project is the sum of the federal Administration for Children and Families (ACF) grant award under Section 1115 and regular FFP. Grantees do not need to provide matching funds.

METHODOLOGY:

- The estimate is based on two federal ACF Notice of Awards dated August 29, 2016 and August 28, 2017.

FUNDING:

- The cost is funded 66 percent federal matching funds and 34 percent Section 1115 grant funds. No State General Funds are required.

CHANGE FROM ENACTED BUDGET:

There is no budget for SFY 2019-20, the full grant award was fully expended in SFY 2018-19. All project activities ended September 29, 2019.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in thousands)

	2019-20	2019-20
	<u>CS Administration</u>	<u>CS Administration</u>
Total	\$0	\$0
Federal	0	0
State	0	0
County	0	0

Section 1115 Grant Procedural Justice Informed Alternative to Contempt

DESCRIPTION:

This premise reflects the Procedural Justice Informed Alternatives to Contempt (PJAC) Federal grant. The PJAC grant allows states to develop and implement programs that offer an alternative to contempt by incorporating procedural justice principles into child support business practices as part of a national demonstration framework.

Beginning in February 2018, the California PJAC project sites in San Bernardino and Riverside Counties began the random assignment process for identifying participants for assignment to the treatment and control groups respectively. Working with the Manpower Demonstration Research Corporation evaluation/research firm, the sites have maintained quality control and integrity in the random assignment process. As of August 2018, 372 participants have been assigned to the treatment group and 203 participants assigned to the control group. The number of participants enrolled meets expectations for Year 2 of the grant. Both sites will continue to enroll participants using the random assignment process through Year 3 and Year 4 of the grant or until a combined total of 1500 participants for both control and treatment have been enrolled in the project. The goal of the demonstration is to increase reliable child support payment, reduce potential arrears, avoid contempt proceedings and improve relationships with the custodial parent and their child.

IMPLEMENTATION DATE:

This premise was implemented September 30, 2016.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Section 1115(a)(2), 1115(b) and 1115(b)3 of the Social Security Act [42 United States Code 1315].
- The grant is effective from September 30, 2016 through September 29, 2021.
- Section 1115 grant funds awarded to each project will represent 34 percent of the total project costs. The grant funds will be treated as state expenditures under Title IV-D that, for purposes of the demonstration project, will be reimbursed by the regular Title IV-D FFP match of 66 percent. The total approved cost of the project is the sum of the federal Administration for Children and Families (ACF) grant award under Section 1115 and regular FFP. Grantees do not need to provide matching funds.

METHODOLOGY:

- The estimate is based on the federal ACF Award letters dated September 30, 2016 and August 28, 2017.
- Funding for SFY 2019-20 is \$669,000.
- Funding for SFY 2020-21 is \$431,000

FUNDING:

- The cost is funded 66 percent federal matching funds and 34 percent Section 1115 grant funds. No State General Funds are required.

CHANGE FROM ENACTED BUDGET:

The premise is updated to reflect the budget for SFY 2019-20.

REASON FOR YEAR-TO-YEAR CHANGE:

The premise is updated to reflect the budget for SFY 2020-21.

EXPENDITURES:

(in thousands)

	2019-20	2020-21
	<u>CS Administration</u>	<u>CS Administration</u>
Total	\$669	\$431
Federal	669	431
State	0	0
County	0	0

Section 1115 Grant

Using Digital Marketing to Increase Participation in Child Support

DESCRIPTION:

This premise reflects the Using Digital Marketing to Increase Participation in Child Support grants. The goal of this grant program is to research how digital marketing may help the Child Support Program more effectively reach and serve families. This demonstration program will test digital marketing approaches and partnerships to: 1) reach parents that could benefit from child support services through outreach/one-way communication, and 2) create or improve two-way digital communication and engagement with parents. The grant period is October 1, 2018, through September 30, 2020. California was awarded four grants for \$170,000 each, totaling \$680,000 in grant funding, and \$1,320,000 in federal financial participation (FFP).

IMPLEMENTATION DATE:

This premise was implemented October 1, 2018.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Section 1115(a)(2), 1115(b) and 1115(b)3 of the Social Security Act [42 United States Code 1315].
- The grant is effective from October 1, 2018 through September 30, 2020.
- Section 1115 grant funds awarded to each project will represent 34 percent of the total project costs. The grant funds will be treated as state expenditures under Title IV-D that, for purposes of the demonstration project, will be reimbursed by the regular Title IV-D FFP match of 66 percent. The total approved cost of the project is the sum of the federal Administration for Children and Families (ACF) grant award under Section 1115 and regular FFP. Grantees do not need to provide matching funds.

METHODOLOGY:

- Funding for State Fiscal Year (SFY) 2018-19 is \$255,000 Section 1115 grant funds and \$495,000 FFP, for a total of \$750,000.
- Funding for SFY 2019-20 is \$340,000 Section 1115 grant funds and \$660,000 FFP, for a total of \$1,000,000.
- Funding for SFY 2020-21 is \$85,000 Section 1115 grant funds and \$165,000 FFP, for a total of \$250,000.

FUNDING:

- The program is funded 66 percent federal matching funds and 34 percent Section 1115 grant funds. No State General Funds are required.
- The total grant award is \$2,000,000 (\$680,000 Section 1115 grant funds, and \$1,320,000 FFP).

CHANGE FROM ENACTED BUDGET:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in thousands)

	2019-20	2020-21
	<u>CS Administration</u>	<u>CS Administration</u>
Total	\$1,000	\$1,000
Federal	1,000	1,000
State	0	0
County	0	0

California Child Support Automation System - SDU

DESCRIPTION:

The State Disbursement Unit (SDU) is one of two components of the California Child Support Automated System. The Child Support Enforcement (CSE) component provides the case management system for the statewide automated system. The SDU complements the CSE component by providing services to collect and distribute child support obligation payments for both the IV-D and Non IV-D populations, and to prepare collection payment transactions for processing by the CSE system.

This premise provides the funds necessary to support the SDU Service Provider (SP) contract.

IMPLEMENTATION DATE:

This premise was implemented September 1999.

KEY DATA/ASSUMPTIONS:

- Authorizing statute(s): Welfare & Institutions Code Section 10080 effective September 27, 1999 and Family Code Section 17309 effective October 1, 1998.
- This premise reflects costs for the SP contract to perform statewide collection and distribution activities.

METHODOLOGY:

- Resource estimates are based on workload required to support the SDU.
- Costs are based on the current SDU SP contract.

FUNDING:

- The funds to support LCSA staff and the SP contract are funded at 66 percent Federal Financial Participation (FFP) funds and 34 percent State General Fund (SGF).
- Cases not subject to Title IV-D (Non IV-D) and filed prior to 1994 do not receive FFP. Therefore, the SP contract has been adjusted to reflect 100% SGF for the processing of payments related to these cases.

CHANGE FROM ENACTED BUDGET:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in thousands)

	2019-20	2020-21
	<u>CS Automation</u>	<u>CS Automation</u>
Total	\$14,966	\$14,966
Federal	9,878	9,878
State	5,088	5,088
County	0	0
Reimbursements	0	0

California Child Support Automation System - CSE

DESCRIPTION:

Federal law mandates that each state create a single statewide child support automation system that meets federal certification. There are two components of the statewide system. The first is the Child Support Enforcement (CSE) system and the second is the State Disbursement Unit (SDU). The CSE component contains tools to manage the accounts of child support recipients and to locate and intercept assets from noncustodial parents who are delinquent in their child support payments. The SDU provides services to collect child support payments from noncustodial parents and to disburse these payments to custodial parties. The Department of Child Support Services achieved full implementation of the California Child Support Automation System (CCSAS) in November 2008.

This premise reflects the contract services for the CCSAS, Local Child Support Agency (LCSA) staff assigned full-time with CSE as subject matter experts for child support program business practices, CSE system functionality, and funds for Electronic Data Processing maintenance and operations for both the CSE system and the LCSAs.

IMPLEMENTATION DATE:

This premise was implemented September 1999.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare & Institutions Code Section 10080 effective September 27, 1999.

METHODOLOGY:

This premise reflects funding for CCSAS CSE as reported in the California Department of Child Support Services' 2019 Annual Advance Planning Document Update.

FUNDING:

- All project costs are funded with 66 percent Federal Financial Participation funds and 34 percent State General Fund.

CHANGE FROM ENACTED BUDGET:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

Updated to reflect the cost for CSE system changes due to approved trailer bill language to amend Family Code 17504, to increase the amount of disregard from \$50 to \$100 for families with one child, and from \$100 to \$200 for families with two or more children, effective January 1, 2022.

EXPENDITURES:

(in thousands)

	2019-20	2020-21
	<u>CS Automation</u>	<u>CS Automation</u>
Total	\$68,435	\$69,235
Federal	45,167	45,667
State	23,268	23,568
County	0	0

Child Support Collections Recovery Fund

DESCRIPTION:

This premise reflects the estimated federal share of Title IV-A child support collections, which is utilized to fund a portion of the federal share of local assistance administration costs for local child support agencies.

The Child Support Collections Recovery Fund (CSCRF) premise only reflects Title IV-A child support collections. The Title IV-E share of the CSCRF is reflected in the California Department of Social Services' Local Assistance budget.

IMPLEMENTATION DATE:

This premise was implemented July 2001.

KEY DATA/ASSUMPTIONS:

Authorizing statute: Family Code Section 17702.5.

METHODOLOGY:

For State Fiscal Year (SFY) 2019-20 and SFY 2020-21, the CSCRF is based on the estimated sum of the federal share of child support assistance collections less the estimated sum of the federal share of foster care collections.

FUNDING:

This premise is funded as the federal share of the Title IV-A child support collections in the Child Support Revenues, Transfers and Collections tables.

CHANGE FROM ENACTED BUDGET:

This estimate is based on the most recent data and trends.

REASON FOR YEAR-TO-YEAR CHANGE:

This estimate is based on the most recent data and trends.

REVENUES:

(in thousands)

	2019-20	2020-21
	<u>Revenues</u>	<u>Revenues</u>
Total	\$161,157	\$156,558
Federal	161,157	156,558
State	0	0
County	0	0
Reimbursements	0	0

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Child Support Program Collections Assistance and Non-Assistance

DESCRIPTION:

This premise reflects child support collections distributed directly to families and assistance revenue collected on behalf of federal, state, or county governments for the recoupment of public assistance benefits.

Basic collections represent the regular ongoing efforts of the local child support agency to collect child support payments. Collections for other jurisdictions are collections made on behalf of other states or countries and forwarded directly to them for distribution. Miscellaneous Collections consists of Medical Support, Pass-On, and Excess Collections. Basic, miscellaneous, and collections for other jurisdictions include, but are not limited to, collections from the following sources: wage assignments, federal and state tax refund intercepts, unemployment insurance benefit intercepts, lien intercepts, bank levies, payments directly from parents paying support, compromise of arrears program and the full collections program. Disregard payments to families, and collections attributable to Revenue Stabilization augmentation funding are reflected in separate premises.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare & Institutions Code Section 11477.
- The child support payment data for assistance and non-assistance collections are based on the Child Support Monthly Report of Collections and Distributions (CS 34) and the Supplement to Monthly Report of Collections and Distributions (CS 35).
- The child support collections to other states and miscellaneous collections data are based on the CS 34 and CS 35 reports.

METHODOLOGY:

- Basic distributed collections (assistance and non-assistance), collections for other jurisdictions (assistance and non-assistance), and miscellaneous collections (assistance and non-assistance) are reported monthly on the CS 34 and CS 35 reports.
- Actual basic distributed collection data from July 2017 through June 2019 was used to construct a linear regression model to forecast basic collections for State Fiscal Year (SFY) 2019-20 and 2020-21.
- For collections for other jurisdictions and miscellaneous collections, the forecast rates of change for basic collections were applied to SFY 2018-19 actual collections to arrive at the SFY 2019-20 and 2020-21 estimates.

FUNDING:

- Assistance collections are retained and serve as recoupment of public assistance benefits.
- The assistance collections are shared between federal, state and local governments based on the Federal Medical Assistance Percentage and the non-Federal sharing ratios. See Appendix A for detail.
- Collections received on behalf of non-assistance families are forwarded directly to custodial parties.
- Collections received on behalf of other states are forwarded directly to other states for distribution.

CHANGE FROM ENACTED BUDGET:

The estimate has been updated based on the most recent data and trends.

REASON FOR YEAR-TO-YEAR CHANGE:

The estimate has been updated based on the most recent data and trends.

COLLECTIONS:

(in thousands)

	2019-20 <u>Collections</u>	2020-21 <u>Collections</u>
Assistance Total	\$333,019	\$323,081
Federal	159,376	154,620
State	157,906	153,194
County	15,737	15,287
Other	0	0
Non-Assistance Total	\$1,918,743	\$1,966,118
Other	1,918,743	1,966,118
Collections For Other Jurisdictions Total	\$99,408	\$101,488
Assistance	5,166	5,022
Non-Assistance	94,242	96,466
Miscellaneous Collections Total	\$15,369	\$15,083
Assistance	12,598	12,246
Non-Assistance	2,771	2,837
Grand Total ^{1/}	\$2,366,539	\$2,405,770

1/ Grand Total does not include disregard to families or other collections described in separate premise items, such as the Revenue Stabilization Adjustment.

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Disregard Payments to Families

DESCRIPTION:

In addition to the California Work Opportunity and Responsibility to Kids (CalWORKs) grant, the custodial party receiving support also receives the first \$50 of the current month's child support payment collected from the non-custodial parent. Forwarding the disregard portion of the collection to the family, instead of retaining it as revenue, results in reduced collection revenues for the state and federal governments. Effective October 1, 2008, the Federal Deficit Reduction Act (FDRA) of 2005 allows the federal government to share in the cost of additional support collections passed through to families.

DCSS will submit a trailer bill language to, beginning January 1, 2022, increase the amount of child support passed through to families receiving California Work Opportunities and Responsibilities to Kids (CalWORKs) assistance. Rather than the first \$50 of child support collected in a month, which is current law, the department proposes to increase the amount up to \$100 for a family with one child or up to \$200 for a family with two or more children. This will send an estimated additional \$34 million in assigned support directly to approximately 160,000 low-income California families, and reduce annual general fund revenue by an estimated \$17 million beginning in SFY 2021-22.

IMPLEMENTATION DATE:

- This premise was implemented in State Fiscal Year (SFY) 1984-85.
- The FDRA federal participation provision was implemented October 1, 2008.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code Section 17504.
- The child support payment data for disregard payments to families is based on the Child Support Monthly Report of Collections and Distributions (CS 34) and the Supplement to Monthly Report of Collections and Distributions (CS 35).
- Federal Financial Participation (FFP) is available for disregard payments of federally eligible collections.

METHODOLOGY:

- The cost of the current \$50 disregard is reported monthly on the CS 35 reports. The disregard is paid when the current monthly child support collection is distributed.
- In SFY 2018-19, Disregard represents 6.1 percent of total distributed assistance collections. The forecast was developed by applying this percentage to the SFY 2019-20 and SFY 2020-21 Assistance Collections estimates.
- The FFP in disregard was calculated by computing federally eligible disregard collections and multiplying these by 50 percent.

- The cost is counted toward the State's Temporary Assistance for Needy Families (TANF) Maintenance of Effort (MOE) requirement.

FUNDING:

- Beginning October 1, 2008, the federal participation in disregard became 50 percent.
- The costs are reflected in the California Department of Social Services budget as additional TANF MOE expenditures.
- Funding source for these costs are reflected in the Department of Child Support Services collections table as "Other" to display the amount of collections paid to the families.

CHANGE FROM ENACTED BUDGET:

The estimate has been dated based on the latest data and trends.

REASON FOR YEAR-TO-YEAR CHANGE:

The estimate has been updated based on the most recent data and trends.

COLLECTIONS:

(in thousands)

	2019-20	2020-21
	<u>Collections</u>	<u>Collections</u>
Total	\$21,243	\$20,637
Federal	0	0
State	0	0
County	0	0
Other	21,243	20,637

Title IV-E Child Support Collections Recovery Fund

DESCRIPTION:

This premise reflects the estimated federal share of Title IV-E Foster Care (FC) child support collections as determined by the Department of Child Support Services (DCSS). The DCSS is responsible for remitting the federal share of FC collections to the Child Support Collection Recovery Fund. The federal FC share of child support collections is used by the Department of Social Services to offset the Title IV-E share of FC expenditures.

IMPLEMENTATION DATE:

This premise was implemented July 1, 2000.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Social Security Act Section 457 (6)(e)(1).
- Based on actual collection data reported on the Monthly Report of Collections and Distributions (CS 34) and the Supplement to the CS 34 Monthly Report of Collections and Distributions (CS 35) reports for July 2016 through June 2018.
- Effective October 1, 2003, both the current and former Title IV-E Child Support Collections reduce the federal share of FC expenditures based on federal Office of Child Support Enforcement Action Transmittal letter 03-04, dated September 26, 2003.
- The Federal Medical Assistance Percentage (FMAP) rate is 50 percent for the period of July 1, 2019 through June 30, 2020 (See Appendix A).

METHODOLOGY:

- The federal FC share of collections percentage was applied to the total estimated assistance collections. The FMAP rate was then applied to determine the federal share of FC collections, which resulted in a forecast of \$5,508,000 for State Fiscal year (SFY) 2019-20 and \$5,351,000 for SFY 2020-21.

FUNDING:

The federal FC share of child support collections is used by the Department of Social Services to offset the Title IV-E share of FC expenditures.

CHANGE FROM ENACTED BUDGET:

The estimate has been updated based on the latest data and trends.

REASON FOR YEAR-TO-YEAR CHANGE:

The estimate in SFY 2020-21 reflects a decrease in FC collections based on the most recent data and trends.

REVENUES:

(in thousands)

	2019-20	2020-21
	<u>Revenues</u>	<u>Revenues</u>
Total	-\$5,508	-\$5,351
Federal	-5,508	-5,351
State	0	0
County	0	0
Other	0	0

Never Assisted Cases Fee Recovery

DESCRIPTION:

The Federal Deficit Reduction Act (FDRA) of 2005 requires the state to pay the federal government a \$25 annual fee for families that have never received Temporary Assistance for Needy Families if at least \$500 is disbursed annually on their behalf. Fees may be recovered from the custodial party, the noncustodial parent or the state (using state funds). California opted to pass the fee to the custodial party and began collecting the fee October 1, 2011. Annually, via the automated child support system, qualifying cases are assessed the \$25 fee. The Department retains 34 percent of total fees collected. As required by FDRA 2005, the Department remits the remaining 66 percent to the federal government.

IMPLEMENTATION DATE:

This premise was implemented October 1, 2011.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Public Law 109-171, FDRA of 2005.
- The California Child Support Automation System began tracking fees on October 1, 2010 and began assessing and collecting fees on October 1, 2011.
- The federal budget (H.R. 1892) proposes changes to the FDRA of 2005. DCSS submitted trailer bill language to increase the administrative service fee to \$35 and increase the disbursement threshold to \$550 effective October 1, 2019. DCSS estimates the change will increase the annual service fees beginning in SFY 2020-21, by approximately \$1.6 million, of which approximately \$1 million will be remitted to the federal government.

METHODOLOGY:

- The number of never assisted cases assessed the fee is multiplied by \$25 to compute the total fees. Fees collected will be remitted to the State General Fund.

FUNDING:

The \$25 mandatory fee is paid by the custodial party. The federal portion (66 percent) of the recovered fees is remitted to the federal government.

CHANGE FROM ENACTED BUDGET:

The forecast is based on actual assessment data.

REASON FOR YEAR-TO-YEAR CHANGE:

The forecast is based on actual assessment data and includes the estimated increase of mandatory fee.

Expenditures:
(in thousands)

	2019-20	2020-21
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$3,485	\$4,880
Federal	0	0
State	3,485	4,880
County	0	0
Other	0	0

Discontinued Premises

CHILD SUPPORT PROGRAM COSTS:

- Section 1115 Grant (NCP Employment Demo Project)

CHILD SUPPORT PROGRAM COLLECTIONS:

- None.

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Appendix A - Federal Medical Assistance Percentage

The assistance collections are shared based on the Federal Medical Assistance Percentage and the nonfederal sharing ratios. These percentages are reflected below:

<u>ASSISTANCE:</u>	July 2019 – June 2020	<u>ASSISTANCE:</u> <u>Nonfederal</u>	July 2019 – June 2020
Federal	50.00%	State	95.00%
State	47.50%	County	5.00%
County	2.50%		

<u>FOSTER CARE:</u>	July 2019 – June 2020	<u>FOSTER CARE:</u> <u>Nonfederal</u>	July 2019 – June 2020
Federal	50.00%	State	40.00%
State	20.00%	County	60.00%
County	30.00%		

<u>KinGAP:</u>	July 2019 – June 2020	<u>KinGAP:</u> <u>Nonfederal</u>	July 2019 – June 2020
Federal	50.00%	State	79.00%
State	39.50%	County	21.00%
County	10.50%		

ASSISTANCE: July 2020 – June 2021

Federal	50.00%
State	47.50%
County	2.50%

ASSISTANCE: July 2020 – June 2021
Nonfederal

State	95.00%
County	5.00%

FOSTER CARE: July 2020 – June 2021

Federal	50.00%
State	20.00%
County	30.00%

FOSTER CARE: July 2020 – June 2021
Nonfederal

State	40.00%
County	60.00%

KinGAP: July 2020 – June 2021

Federal	50.00%
State	39.50%
County	10.50%

KinGAP: July 2020 – June 2021
Nonfederal

State	79.00%
County	21.00%

Appendix B - List of Acronyms

ACF	Administration for Children and Families
BICS	Behavioral Interventions for Child Support Services
CalWORKs	California Work Opportunity and Responsibility to Kids
CCSAS	California Child Support Automation System
CGF	County General Funds
CS 34	Child Support Monthly Report of Collections and Distributions
CS 35	Supplement to Monthly Report of Collections and Distributions
CSE	Child Support Enforcement
CSCRF	Child Support Collections Recovery Fund
CSDA	Child Support Director's Association
DCSS	Department of Child Support Services
FC	Family Code / Foster Care
FDRA	Federal Deficit Reduction Act of 2005
FFP	Federal Financial Participation
FFY	Federal Fiscal Year
FMAP	Federal Medical Assistance Percentage
FTE	Full-time Equivalent
KinGAP	Kinship Guardianship Assistance Payment
LCSA	Local Child Support Agency
MOE	Maintenance of Effort
OCSE	Office of Child Support Enforcement
PJAC	Procedural Justice Informed Alternative to Contempt
PL	Public Law
POP	Paternity Opportunity Program
SDU	State Disbursement Unit
SGF	State General Fund
SFY	State Fiscal Year
SP	Service Provider
SSA	Social Security Administration
TANF	Temporary Aid for Needy Families
USC	United States Code

Non IV-D Child Support Collections

DESCRIPTION:

Pursuant to federal Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 requires that Department of Child Support Services establish and operate a State Disbursement Unit (SDU) for the collection and disbursement of payments for: 1) orders in IV-D cases, and 2) orders in Non IV-D cases for which the support order was initially issued on or after January 1, 1994, and in which the income of the non-custodial parent is subject to withholding.

This premise reflects the estimated Non IV-D child support collections collected through the SDU. Non IV-D child support collections are cases with court-ordered wage assignments that are not being served by the Local Child Support Agencies.

IMPLEMENTATION DATE:

This premise was implemented as part of the SDU, effective July 2006.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare and Institutions Code Section 10080, Family Code Section 17309, and Code of Civil Procedure Section 706.030 (6).
- It is assumed that Non IV-D child support collections collected through court-ordered wage withholding orders will be processed through the SDU and distributed to the families.
- This Non IV-D child support payment data is based on the Child Support Monthly Report of Collections and Distributions (CS 34).

METHODOLOGY:

- Actual Non IV-D collections are reported monthly on the CS 34 report. Actual Non IV-D collections from July 2017 through June 2019 were used to construct a 24 month linear regression model to forecast the annual Non IV-D collections amounts for SFY 2019-20 and SFY 2020-21.

FUNDING:

- Non IV-D collections are distributed 100 percent to the families.

CHANGE FROM ENACTED BUDGET:

The change reflects updated projections using the most recent 24 months of data.

REASON FOR YEAR-TO-YEAR CHANGE:

The 24-month trend is projecting a decrease in SFY 2020-21.

COLLECTIONS:

(in thousands)

	2019-20	2020-21
	<u>Collections</u>	<u>Collections</u>
Total	\$169,607	\$158,778
Federal	0	0
State	0	0
County	0	0
Other	169,607	158,778

TABLE COMPARISON
Non IV-D CHILD SUPPORT COLLECTIONS 1/
(in thousands)

		2019-20 ENACTED BUDGET					ADJUSTMENTS/DIFFERENCES					2019-20 NOVEMBER ESTIMATE				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2019-20 ENACTED BUDGET TO 2019-20 NOVEMBER ESTIMATE																
1	Non IV-D CHILD SUPPORT COLLECTIONS	171,237	0	0	0	171,237	-1,630	0	0	0	-1,630	169,607	0	0	0	169,607
		2019-20 ENACTED BUDGET					ADJUSTMENTS/DIFFERENCES					2020-21 GOVERNOR'S BUDGET				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2019-20 ENACTED BUDGET TO 2020-21 GOVERNOR'S BUDGET																
2	Non IV-D CHILD SUPPORT COLLECTIONS	171,237	0	0	0	171,237	-12,459	0	0	0	-12,459	158,778	0	0	0	158,778
		2019-20 NOVEMBER ESTIMATE					ADJUSTMENTS/DIFFERENCES					2020-21 GOVERNOR'S BUDGET				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2019-20 NOVEMBER ESTIMATE TO 2020-21 GOVERNOR'S BUDGET																
3	Non IV-D CHILD SUPPORT COLLECTIONS	169,607	0	0	0	169,607	-10,829	0	0	0	-10,829	158,778	0	0	0	158,778

1/ Non IV-D Child Support Collections are from court ordered wage assignment cases paid to the families, which are not handled through the local child support agencies but rather through the State Disbursement Unit.

2/ Other reflects collections that are paid to families.